

EUROPEAN NEWS

Brandt warns terrorist Bill rebels

HAMBURG, Nov. 15

BY ADRIAN DICKS

HERR WILLY Brandt, the former West German Chancellor, appealed today to the Social Democratic Party to remain open to dissent but warned it firmly not to confuse free debate with the basic discipline of parliamentary power.

In his opening address as SPD chairman in the party conference here, Herr Brandt unmistakably warned the handful of deputies who voted against the Government last month in the Bundestag over the terrorist "Isolation Bill" not to repeat their defiance. He was warmly applauded.

Although he acknowledged a deputy's duty towards his own conscience, Herr Brandt said bluntly: "Our voters, through their deputies, elected a Social Democratic-Free Democratic coalition. I believe that none of our deputies would be able to

square it with his conscience if he were to pull the ground from under the feet of a Social Democratic Chancellor."

Herr Brandt's remarks represent the SPD leadership's considered response to last month's rebellion—though as recently as a few days ago, most of the to-day rebels appeared unrepentant. By giving the authorities wide discretionary powers to cut off imprisoned terrorists from the outside world, the legislation aims to stop future co-ordination with groups outside, of the sort allegedly carried out in the past.

Since the Government won its majority for the Bill with opposition help, there has been a good deal of speculation that Chancellor Helmut Schmidt's desire for an all-party approach towards the terrorist problem might be the prelude to a reshuffling of the parties that would lead to a new Social

Democratic-Christian Democratic "grand" coalition. Herr Brandt firmly denied there was any question of this.

Insisting on the SPD's history as a defender of free speech in Germany and elsewhere in Western Europe, Herr Brandt told dissenters several times that the party would always be open to them, and reminded the mainstream that there could be no democracy without conflict. The SPD must make itself attractive to those who favoured reform, yet stood outside it, such as the environmentalist "green parties".

Mr. Brandt said, the party could be proud of how well it had integrated the student radicals of the late 1960s.

In a speech that powerfully re-emphasised his own unifying role for the SPD at times of internal strain, Herr Brandt conceded that this week's congress would lead to a new Social

word on the nuclear energy controversy. He begged dissenters, not to close their eyes to the nuclear power option of Germany, a period when Germany is not able to do without.

It is still not certain that Brandt will accept the common formula on nuclear energy worked out by a drafting committee last night. This would bring the SPD roughly into line with its coalition partner, the Free Democratic Party.

The SPD formula would favour atomic energy, rather than nuclear power stations, rather than nuclear energy with greater safety present and would make provision for further nuclear plants by those now operating or under construction contingent on Germany's taking concrete steps towards providing its own disposal sites for highly active wastes.

THE LANGUEDOC WINE INDUSTRY

Grievances and sour grapes

BY JOHN ARDAGH, RECENTLY IN MONTPELLIER

"WITHOUT special rules to protect us, Spain's entry into the EEC will wipe out a large part of the Midi vineyards. And the rest will be more than the police in France could control."

Emmanuel Maffre-Baugé, 55, flamboyant ringleader of the Languedoc vinegrowers, poured another glass of his *vin de pays* and went on to denounce Paris even centuries of heartless colonisation of this Occitan nation.

The perennial crisis of Languedoc, producer of half of France's cheaper wine, is as much a matter of emotion and prejudice as economics.

The growers do have some valid grievances, notably over what it sees as unfair EEC competition; but equally it is arguably their own perverse conservatism and hostility to all ideas coming from Paris, that obstruct remedies. They still burn with the Cathare spirit of defiance.

Tribe memories run deep that Paris's brutal suppression of the Cathare (Albigensian) heresy here in the 13th century is still a live issue. And Languedoc to-day, backward, irrational, recalcitrant, remains the principal problem child of all France mainland regions, even more than Brittany.

This year, after the wet summer, yields have been 25 per cent below average and prices may be higher by as much. So the growers are less afraid than usual of unsaleable surpluses and for once are, relatively, calm. But their longer-term anxieties remain. And even this autumn has seen riots—against the central government's refusal to grant this region the same right as others to top up the weak 1977 wines with sugaring.

"One year, we're being victimised. The EEC wine fiasco has simply added further complexity to the old local tangles. And the growers now see it as their major threat. In 1975 they pressured the Government into defying the EEC and imposing some restrictions on cheap Italian imports, but they claim these have had little effect. Now they are lobbying against Spain which, in the EEC, would be even better placed than Italy to undercut their markets. Spain, like Italy, has much lower labour and other costs, and far larger quality controls than France. One local economist told me: "Spain could wholesale its table wines here at 60 centimes a litre, against our 1.05 francs. Moreover, most Spanish *ordinaire* are more robust and drinkable than ours, and yields are far below potential, with improved techniques. Spain could export the wine lake would be an ocean. Something has to be done."

What? The EEC's new labelling regulations are seen as at least a step in the right direction. But the growers are insisting on much more radical harmonisation of controls, prices and social policies before Spain joins; and M. Maffre-Baugé and his friends are ready to use violence once more against what he calls "the crime of the commission of the EEC's wine economy."

For obvious domestic reasons, the Government will harken, and is certain to take a firm line with Madrid. But any French Government will also go on trying to persuade the growers, as it has for years, that they must set their own house in order, too.

There is a problem of awesome complexity. Most hillside vineyards can produce tolerable wines, but on the plains are thousands of acres that should no longer be under vine in a modern economy. Sporadic official campaigns for uprooting have fallen foul of two factors.

First, the average farmer is fanatically opposed to saying goodbye to the crop that his ancestors have grown partly in this sunny land since Roman days. Next, the few pioneers who did agree to uproot and plant apple orchards, soon found they had an equally unsaleable glut on their hands—hardly an encouragement.

So official policy has turned towards urging a replanting with better vines, able to produce classified wines. This has met a response, and 30 per cent of vineyards have been thus upgraded since 1962. But the bizarre economics are such that farmers find this may not increase their income.

Under French rules, the simpler classified grades (VDQS or the new *vin de pays*) are limited to outputs of 20 to 30 hectolitres an acre, whereas for

unclassified *vins courants* there are no limits and yields can be some years exceed 50 hectolitres an acre. Yet price differentials are rarely more than 25 per cent for the producer, who thus retains some incentive to go on producing lots of poor, unmarketable *plonk*, knowing that the State will partially underwrite his surpluses by buying them cheaply (as it does) for distillation.

Either way, with a little political will, a solution is possible, at least until the older generation is dead.

The Cathare spirit infuses all aspects of Languedoc life. The Occitan separatist movement is fuelled by the rural discontent and finds some support, too, among intellectuals. Politically, it is not itself of great influence. "Occi, ta'n" is maybe too vague a concept—and even the Bery Maffre-Baugé calls himself a federalist, not a separatist.

Poorer growers are in an economic trap not entirely of their making. Yet they could do far more to help themselves.

But a more general hostility to Paris dominates local politics, so acres find it hard to make a living. And this is not the land of lucrative appellations *contrôlés*.

The poorer growers are in an economic trap not entirely of their making. Yet they could do far more to help themselves. Their marketing and promotion are still mostly archaic and inefficient; if these improved, they could push up the prices of the better local VDQS (such as Corbières, which are under-valued by today's standards. They could also replant some coastal plains, if not with apples, at least with cereals and vegetables.

Growers in some nearby areas have pursued both these policies with great success. The dynamic farmers of Roussillon, to the south, have uprooted almost all their coastal vines since 1967, reducing total output by one-third and replanting with other crops. Through skilful marketing and vine-tending, they have also hugely increased the sales from their hillside vineyards.

Sometimes in Paris it is suggested that limits should be imposed on *vin courants* yields, too. But this would provoke a terrible backlash from the Pujadist-minded growers, many of whom see it as their inalienable right to produce as much as they wish and be paid for it.

Politically, such a solution is possible, at least until the older generation is dead. The Cathare spirit infuses all aspects of Languedoc life. The Occitan separatist movement is fuelled by the rural discontent and finds some support, too, among intellectuals. Politically, it is not itself of great influence. "Occi, ta'n" is maybe too vague a concept—and even the Bery Maffre-Baugé calls himself a federalist, not a separatist.

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An exaggeration?—maybe the paradox is that this foundry conservative and individualistic people is now on the Left, not through Socialist conviction but reaction against Paris-bourgeois leaders are now on the Left, all major are now Left-converts. Socialists and Communist opponents, as elsewhere, people above all are disillusioned with President Giscard d'Estaing's failure regionalism, and are of their hopes on what the Common Programme, if it gives, has to offer: of regional assemblies with financial powers.

M. Maffre-Baugé, until now a Catholic Rightist, but a Socialist like so many a peasant, told me in his style: "If I want my cat in this corner rather than I have to ask bloody Paris. For my beloved Occitan I land, with its exquisite rural civilisation, I want a federal solution, where we take our own decisions at the Socialist at least at that path." But socialist Communist Jacobinism here would the Socialist really decentralise?—the other story. And any there is a Left-wing Government next year, and Languedoc up to find that the Left embodies "Paris"—then I smartly swing sharp Right.

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When you have business abroad, your banker has no business staying home.

International contacts often play hard-to-get. The competition for them is stiff. And even if you can be competitive in every other area, you won't get the contract without the right financing. Financing that exactly suits your prospective client. To come up with the right arrangements, you need the right financial advice. No long-distance advice. You need your banker right there on your side of the table—not on the other end of a telex line. You need an expert on hand who has creative solutions at his fingertips. Who has the ability and authority to make spur-of-the-moment decisions. You need your Banque Bruxelles Lambert banker to come up with the right financial engineering. Our international network is always on hand too. We don't just offer you 1060 retail branches



Banque Bruxelles Lambert, The ABECOR bank in Belgium, 24 Avenue Marx, 1050 Bruxelles. Tel. 02/513.81.81. Telex 26392/BBLIN

50 Avenue Foch

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At number 50 a new development is being built, one that faithfully reflects the spirit of Avenue Foch. With three, four and five room apartments in the super-structures. And with four, six and eight room town houses in the lower part, complete with patios, planted areas and hanging gardens: a total of 4000 square meters of outdoor living space out of 5500 square meters.

Apartments and town houses. The style being created by the architect and the interior designer is "stone and bronze tone", in the tradition of this avenue that leads to the Bois de Boulogne. It is, however, a style in which nothing is rigid, a style with a free and flowing concept of space. The rooms are designed for entertaining but have that feeling of intimacy and warmth that is so much a part of our taste today.

The building program has been planned to let you reach a decision now on any internal things you would like to incorporate, unless you prefer those envisaged by the architect and designer.

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Société de commercialisation: STGI (succ. Barméim F et F) 23, rue de l'Arcade, 75008 Paris, Tél. 265.41.21.

50, Avenue Foch, 75116 Paris. Tél. 500.44.65. Actuellement, tous les jours, de 11 à 18 h, sauf dimanche et jours fériés. Samedis de 10 h à 12 h. Dans le hall d'accueil et de vente: maquettes, plans et "log book" publiés spécialement pour vous.

Charter Consolidated Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR HALF-YEAR TO 30 SEPTEMBER 1977 (unaudited)

	Half-year to 30.9.77 £000	Half-year to 30.9.76 £000	Year to 30.9.76 £000
Income from investments			
Associated companies	797	2,335	3,241
Other investments	16,900	8,770	15,323
Surplus on realisations of investments	11,787	11,105	16,882
Trading profit	2,857	777	2,211
	8,473	9,204	35,847
Deduct:			
Administration and technical expenditure	1,914	2,070	3,527
Prospecting expenditure	360	417	52
Interest payable less receivable	1,633	1,204	3,093
	3,907	3,691	7,122
Retained profits of associated companies	19,959	17,395	32,253
	2,633	2,341	6,393
Profit before taxation	22,613	18,736	38,723
Taxation	10,128	9,429	18,882
Profit after taxation	12,475	10,307	20,000
Minority interests	1,510	1,302	2,387
Attributable to Charter	11,965	8,975	17,441
Earnings per share	11.43p	8.56p	15.64p
Interim dividend of 3.025p per share (previous year's interim — 2.75p)	3.171	2.832	

NOTES: Surplus on realisations of investments for the half-year to 30 September 1978 has been restated to reflect the currency loss of £864,000, at that date, on the conversion into sterling of foreign currency loans financing portfolio investments. This treatment follows the change in the accounting policy adopted as at 31 March 1977. The results of overseas subsidiary and associated companies have been converted into sterling at the rates ruling at the end of their relevant accounting periods. Other exchange differences arising from the fluctuation of currencies are treated as extraordinary items which are dealt with in the end-of-year accounts.

MK REFRIGERATION The offer by Charter to acquire, for a total cash consideration of £12.7 million, the whole of the issued share capital of MK Refrigeration Limited has been accepted by the holders of approximately 88 per cent of the shares, and Charter is in process of acquiring the remainder in accordance with the Companies Act. MK Refrigeration is now a subsidiary of Charter. Results from 5 August 1977, the effective date of the acquisition, to 31 December 1977 will be consolidated in Charter's accounts to 31 March 1978.

INTERIM DIVIDEND The directors have declared an interim dividend of 3.025p per share payable on or about 5 January 1978 to shareholders registered at the close of business on 9 December 1977 and to persons presenting coupon no. 25 detached from share warrants to bearer. The dividend will carry a tax credit of 1.5553p per share.

15 November 1977

مكتبة النخيل

EUROPEAN NEWS

Europe ready to thwart new South African arms law

DAVID SUCHAN STRASBURG, Nov. 15.

EEC will take action if the Organisation of Economic Co-operation and Development... The EEC will take action if the Organisation of Economic Co-operation and Development... The EEC will take action if the Organisation of Economic Co-operation and Development...

CALL FOR EEC MOVE AGAINST TERRORISM Tougher Italian line on violence

BY PAUL BETTS ROME, Nov. 15.

THE ITALIAN Interior Minister, Sig. Francesco Cossiga, today pressed for the adoption of concerted measures by European Community countries to combat terrorism... However, he called for closer collaboration between political parties which, despite the recent inter-party accord on a common government programme, still appear divided over the issue.

Soares seeks consensus

BY DIANA SMITH LISBON, Nov. 15.

PORTUGAL'S minority socialist cabinet is having a special meeting today to put the finishing touches on a document it proposes to discuss with the country's political and productive forces... This document will be the basis of negotiations for a common policy with the opposition, and the Social Contract with management and labour.

Spanish fishermen seized off W. Sahara

MADRID, Nov. 15.

A SPANISH warship patrolled waters off Western Sahara today to protect Spanish fishing boats after a mortar and machine-gun attack on a trawler... The attack was staged by three frogmen in an unmarked high-speed launch nine miles off the coast of the former Spanish colony last Sunday.

Boumedienne attacks build-up of French forces in Mauritania

BY ERENE FURNESS ALGIERS, Nov. 15.

ALGERIA will continue to support Saharan self-determination, President Houari Boumedienne said in a speech to the national assembly... The Algerian position is unpopular in the Arab world, and in the OAU, but it is a difficult one to attack directly at an international meeting, which is no doubt why the Arab League prefers to ignore the subject, and the OAU can never find a suitable date and place for the special meeting.

EC to test solar energy

GUY DE JONQUIERES BRUSSELS, Nov. 15.

START of construction solar power. It is estimated that on the world's first electricity-generating solar power station, to be built in northern Italy at a cost of about \$100 million, the formal goal was given the formal goal in Brussels today... The machine will be based on the "lower" principle, using mirrors with a total surface area of 7,000 square metres to reflect sunlight from the ground to a receiver above the device.

MF negotiators leave Ankara

OUR OWN CORRESPONDENT ISTANBUL, Nov. 15.

INTERNATIONAL Monetary Fund negotiators have been made by IMF officials, negotiators sent to Ankara they are reliably reported to be pressing for a further devaluation of the Turkish lira—already devalued 10 per cent in September—Washington today without an agreement with the Turkish Government... IMF officials are reliably reported to be pressing for a further devaluation of the Turkish lira—already devalued 10 per cent in September—Washington today without an agreement with the Turkish Government.

Begin your "Common Marketing" in Germany. Start in the South.

The South is economically the fastest growing region of the Federal Republic. This is where you will find the greatest concentration of future-orientated industries in Germany. And this is where the "Sueddeutsche Zeitung" is published—one of the three leading national dailies in West Germany. In the South alone, it has a readership of about 560,000. This is where it predominates in the target group of opinion leaders. So you see Southern Germany is the ideal "Common Market place" for you. The SÜDDEUTSCHE ZEITUNG is the basic medium in this market.

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Alan H. Ulrick—Vice President, Manager, Foreign Exchange Trading, London

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AMERICAN NEWS

CHILE UNDER PINOCHET

Economic balancing act

BY HUGH O'SHAUGHNESSY, RECENTLY IN SANTIAGO

SOME DAY there will be an economic boom of monster proportions in Chile. But it is safe to predict that it will not come for a few years yet.

The policies followed by the junta since the 1973 coup have achieved a substantial redistribution of wealth from the middle and lower sectors of society to the more affluent ones.

to be done to integrate the Chilean economy more perfectly into the world economy. It argues that it must dismantle the machinery erected by the Left-wing Allende Government...

In the domestic sector it is not just Government machinery that is being dismantled, it is real machinery as well. The policies followed by the junta since the 1973 coup have achieved a substantial redistribution of wealth...

The future could be in the price of copper is as the most volatile on the national exchanges and a takeover of an open market...

● This is the second of articles by Hugh O'Shaughnessy on Chile. The first appeared yesterday's paper and dealt with internal and external pressures on General Pinochet.



Opponents of the Shah of Iran charge police yesterday in front of the White House, where he was being welcomed by President Carter.

Violence in Washington as Carter greets Shah

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Nov. 15.

THE WHIFF of tear gas wafted over the White House lawns this morning, and the streets outside erupted in nasty fighting...

As guns roared in salute as the Shah arrived by limousine and helicopter as planned, this group began throwing sticks, stones and their placards at the police horses.

The President, blinking back tears, tried to make light of the incidents going on barely 200 yards away, apologising to the Shah for any inconvenience caused by "our temporary air pollution problem."

Beaten back, but before police reinforcements could arrive, they suddenly swept south over the grass of the Ellipse, bowling over the meagre police forces which blocked their way and charging into the ranks of the pro-Shah demonstrators...

But the street fighting between several thousand opponents and supporters of the Iranian monarch was far from humorous, as the police tried, in vain for a time, to keep the opposing factions apart.

This amounted to the worst outbreak of violence in Washington since the height of the anti-Vietnam war movement seven years ago. Further incidents over the next 36 hours seem likely...

The worst violence occurred on the Ellipse, immediately to the south of the White House and directly overlooking the welcoming ceremony. By arrangement with the local authorities the best vantage point had been given to-day to the Shah's supporters...

The incidents to-day completely overshadowed the welcoming ceremonies, in which Mr. Carter said "the growth of Iran into a position of world leadership has been remarkable."

A smaller group of mostly younger, mostly masked, anti-Shah demonstrators was about 150 yards to the east, kept apart in the critical early stages, by a handful of mounted policemen.

The Shah—who laid in a television interview last night that he had no political prisoners when he was in Iran—was mostly greeted with high hopes for the new leadership in the United States.

U.S. drug majors 'selling lies'

BY DAVID BELL

WASHINGTON, Nov. 15.

LEADING U.S. drug companies have again come under attack in the Senate, this time because of the tactics that some of them use to persuade consumers to buy brand-name drugs rather than the much cheaper "generic" equivalents.

Senator Gaylord Nelson, whose select committee on small business held hearings on the subject yesterday, said it was outrageous that drug companies "are lying to the public, which is spending hundreds of millions of dollars for brand-name products."

End to Boeing strike near

BY STEWART FLEMING

NEW YORK, Nov. 15.

A TENTATIVE settlement has been reached in the six-week strike which has made idle 24,000 workers (one-third of the labour force) at plants operated by aerospace manufacturer Boeing.

Analysis by the Food and Drug Administration had not shown any appreciable difference between generic drugs and the same drug sold under a well advertised brand name, the Senator added.

Details of the proposed settlement have not been released, but company spokesmen have expressed satisfaction that a tentative settlement has been agreed. They are hoping that some 15,000 Boeing workers will approve the proposed new three-year contract at a meeting which the International Association of Machinists and Aerospace Workers has called for Thursday.

Dr. Donald Kennedy, the FDA commissioner, said that the safety record of the large drug companies was little better than that of smaller, less well-known ones. Drug industry executives were due to give evidence later to-day.

Increase in Canadian price index

By Victor Mackie

Ottawa, Nov. 15.

THE Canadian consumer price index rose by 1 per cent, from 163.4 in September to 166.0 in October. As a result, the increase between October, 1978, and October, 1979, was 0.8 per cent. This is the largest jump this year.

Higher ownership charges—mainly attributable to the increase in annual residential property taxes and a 1.4 per cent rise in the food index—accounted for two-fifths of this latest advance. Higher clothing prices also had a notable impact on this increase.

Between September and October, the index for all items, excluding food, advanced by 0.8 per cent. A 3 per cent. increase is predicted for the 10 Canadian provinces in the latest quarterly provincial forecast issued to-day by the Conference Board of Canada, an independent, not-for-profit research organisation supported by business, the federal government and organised labour.

The two westernmost provinces are expected to turn in the best economic performances in 1979, and Alberta should outpace the other nine provinces again in 1979. The economy of British Columbia is expected to grow next year at a pace slightly exceeding the national average.

The economic performance of Ontario has been weaker this year than expected, and real output growth in the provincial economy is currently forecast to be below the national average.

IMPORTANT SALES BY AUCTION

November 17th through December 3rd IMPORTANT JEWELS Monday, November 21st

The properties of noble families and others The properties of Swiss and Foreign Estates comprising 470 lots A highly important Emerald and Diamond Necklace A very important 18.94 ct. Diamond Ring A variety of Jewels set with precious and semi-precious stones AFTER NOVEMBER 15th, UNTIL THE DAY OF THE SALE, APPOINTMENTS MAY BE MADE FOR PRIVATE VIEWING Large Illustrated Catalogues: Furniture, Arts and Crafts Sw.Frs.30.00 Pictures and Graphic Art Sw.Frs.30.00 Asiatic works of Art and Asian ceramics Sw.Frs.25.00 Jewels Sw.Frs.20.00

ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the box office

Grid of theatre listings including Opera & Ballet, Theatres, and Clubs. Listings include venues like the Lyric Theatre, the Old Vic, and the Royal Opera House, with details on plays, times, and ticket prices.

UTA - The long distance French Airline. Includes an illustration of a woman's face and text describing flight services to Africa, Australia, and other regions.

Vertical advertisement for GALERIE KOLLER, featuring a floral illustration and text about an important sale of jewelry and art by auction.

OVERSEAS NEWS

Russia responds to Somali snub

MOSCOW, Nov. 15.

SOVIET UNION has begun supplying military aid to Somalia's expelled regime of Lieut-Col. Mohamed Siyad Barre... The U.S., Britain and France expressed willingness to supply arms to Somalia with defensive weapons...

Kaunda call for African uranium enrichment

LUSAKA, Nov. 15.

ZAMBIAN PRESIDENT Kenneth Kaunda today urged the creation of an Organisation of African Unity (OAU) uranium enrichment plant... "We trust the time must come when those traces of uranium in South Africa will also come under the larger umbrella and be controlled by one scientific Africa working in perfect harmony..."

U.S. officials, reports DAVID BELL from Washington, are worried about a possible end to Arab unity

Begin, Sadat and the prospects for peace



Assad Begin Sadat

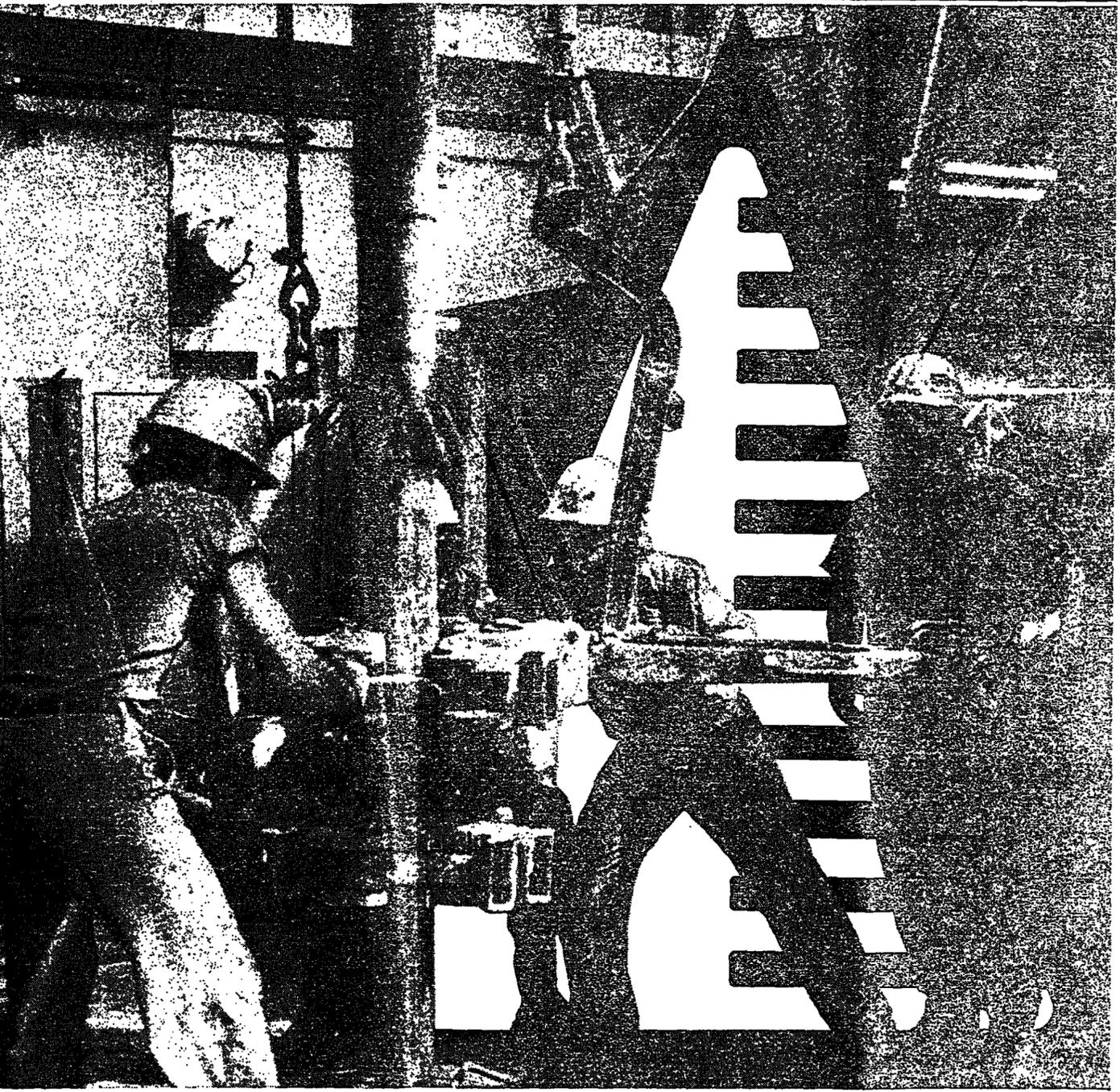
THE SUDDEN apparent outbreak of friendship between President Sadat of Egypt and Mr. Menachem Begin, the Israeli Prime Minister, has received a cautious welcome here among officials who have become inured to false starts after nine months of intricate Middle East negotiations...

also some suspicion of Israeli motives. The Carter administration believes that its greatest "success" so far has been to persuade the Israelis to accept a unified Arab delegation at Geneva with Palestinian participation. But the Israelis have always feared that Geneva could turn into a unified "onslaught" by the Arabs on them and have been holding out for clear agreement that the Geneva negotiations should be "one to one..."

Moscow loses a strategic foothold

DAVID SATTER MOSCOW, Nov. 15.

Small decision to renounce Soviet-Somali friendship and expel Soviet advisers a drastic step which the Soviets hoped they would be able to take without any loss of their strategic position in the Horn of Africa... The abrogation of the Soviet arms deliveries to Somalia, which some analysts believe will be never totally halted, may continue under the terms of previous agreements...



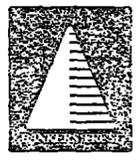
EVE BIKO INQUEST Police chief modifies count of injuries

QUENTIN PEEL PRETORIA, Nov. 15.

EVE BIKO, the South African Black activist who died in detention two months ago, was "not bled to death" when he was shot, a police officer testified today... "I am sure that Mr. Biko was not bled to death... I am sure that Mr. Biko was not bled to death..."

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WORLD TRADE NEWS

VFW-Fokker Romania deal at risk

BY JONATHAN CARR

THE TROUBLES of the West German-Dutch aerospace concern VFW-Fokker are seriously threatening the co-operation agreement which the company and Romania signed only in July after years of talks.

The Romanians have let it be known that they will not start construction of the VFW-614 short-haul passenger jet in their own country, as the accord foresees, if VFW-Fokker has to halt its production of the aircraft in Germany.

This danger is imminent. A company spokesman confirmed today that production would have to halt at end of the year unless new and substantial sales—defined as between five and ten of the aircraft—were achieved by then.

It is thought likely that the

problem is currently being discussed in Bucharest between Romanian officials, and Herr Martin Gruener, State Secretary at the Bonn Economics Ministry. Herr Gruener is in the Romanian capital for a regular meeting of the economics commission between the two countries. But he also holds the job of "co-ordinator" of the West German aerospace industry and the difficulties of VFW-Fokker have necessarily therefore, been the focus of his attention.

The company has some hopes that Turkey may be in the market for the VFW-614. The Romanians also have been authorised to seek buyers either in Eastern Europe or elsewhere. But only a total of 16 of the jets have so far been sold and no firm new orders have been placed for about two years.

Under the co-operation accord, a joint company (58 per cent Romanian, 42 per cent VFW-Fokker) was to be set up with seat in Bucharest. A total of 30 VFW-614s were to be built locally primarily with parts brought in from Germany, while Romania built up its own productive capacity. The forward Romania would be able to supply all parts itself.

Had this functioned, then further joint projects were foreseen. But the latest details on the VFW-614 emerging from VFW-Fokker cast serious doubt on whether any of these plans will now be realised.

If production of the VFW-614 is halted, then it is understood that more than 1,000 of the company's 11,000 jobs in Germany could be affected.

In Bonn, consideration is being given to providing more work in the military sphere for VFW-Fokker, thus taking up at least some of the slack. One conceivable project would be further production of the C-160 Transall transporter. But Defence Ministry sources here say much hinges on the attitude of the French, who have indicated they might be interested in taking the aircraft but have made no firm commitment so far.

All this comes at a time of intense debate over the future of the whole West German aerospace industry—and in particular over the possibility of a merger between VFW-Fokker and Messerschmitt-Boelkow-Blohm. However, MBB is clearly reluctant to commit itself so long as other problems remain unresolved.

Australian power plant contracts

BONN, Nov. 15.

The State Electricity Commission of Victoria has let three contracts totalling SA294m. for the SA1.6bn. Loy Yang power station complex, our Sydney Correspondent reports. The largest contract, valued at SA238m., was awarded to International Combustion Australia, which is 40 per cent U.K. owned. This contract for four boilers is the largest single contract ever let by the SEC. ICA won the job ahead of three other tenderers, with the promise of an 84 per cent Australian content offered.

Two other contracts were also awarded—one to West German's Siemens Industries for the supply and installation of three turbo-generators valued at SA48m., and one to local company Leighton Holdings for earthworks valued at SA7.7m.

Japan considers us of official reserves for import financing

TOKYO, Nov. 15.

THE Finance Ministry is looking into the possibility of depositing Japan's official reserves with the U.S. Treasury bills, the U.S. Treasury has said.

They said the main question is to what business the Bank could supply loans in its present constitution, and whether it is possible to finance "important" projects required for sound development of the national economy. Meanwhile, U.S. officials arriving here today are expected to demand more and immediate measures Japan to reduce its trade surplus with the U.S.—informed a source said. The officials will be the way in two days of negotiations for a visit here by Special Trade Representative Robert Strauss, which is to take place early next month. Official sources said the Administration believes ability to control protection moves in the U.S. Congress depend on a firm trade agreement being reached with the U.S. before Congress resumes on January 20. But the Ministry is seeking new

Hong Kong lifts exports by 7%

HONG KONG, Nov. 15.

HONG KONG'S domestic exports in the first nine months of this year amounted to SHK25.4bn. (about 53bn.) up 6.9 per cent over the corresponding period last year, the Census and Statistics Department reports.

Imports were listed at SHK35.2bn. up 11.4 per cent, and re-exports totalled SHK7bn., up 9.2 per cent from the same period last year.

Declines were recorded in domestic exports to several major markets such as West Germany, SHK2.8bn. down 11.2 per cent, the United Kingdom, SHK2.3bn.

down 11.6 per cent, and Canada, SHK370m. down 16.2 per cent, because of the continued slow-down in the demand for clothing and textile products.

However, exports to the United States, Hong Kong's biggest export market, registered an increase of 20.9 per cent to SHK1.0bn.

Imports from Japan, Hong Kong's largest supplier, amounted to SHK8bn. up 21 per cent. Japan accounted for a significant part of the increase in total imports.

The increase in imports from China was mainly due to the growing imports of petroleum and petroleum products and crude animal and vegetable materials.

Meanwhile, Otto Versand, one of the world's largest mail order companies, plans to buy SHK200m. worth of goods from Hong Kong this year, a director of the Hamburg-based company said. Two thirds of the purchase amount will be in textiles and the balance spread over shoes, leatherware, toys, watches and electronic goods.

Deals worth \$1.3bn. placed by Saudis

Financial Times Reporter

SAUDI ARABIA has awarded contracts worth a total of \$1.3bn. for the construction of desalination and electric power plants and related equipment at Jubail, Jeddah, al-Wajh and Dhahran.

These included a \$176.7m. contract with Salsara Engineering of Japan for the construction of the desalination plant comprising six units and scheduled for completion in 1981.

The largest award was a \$259.6m. contract for Italy's Gruppo Industrie Elettromeccaniche (GIE) for the construction of a power plant comprising six generators with a capacity of 300 megawatts. The plant is scheduled for completion in 1981.

A \$84.6m. contract was awarded to the Saudi company Salem Bin Laden for the civil engineering works scheduled for completion by the end of 1981 and a \$53.5m. contract went to the Saudi-Greek joint venture Sifa-Architron for the construction of the water-intake and maintenance of the plants for a four-year period.

Earlier, three other contracts worth \$745.8m. were awarded for the Jeddah Phase 4 desalination and power plant and the second phase of the desalination plants at Dhahran and al-Wajh.

In Paris, Weirum, French subsidiary of Weir group of the U.K., said it received a Frs.100m. (about £15m.) order from the Saudi Arabian Saline Water Conversion Corporation.

Meanwhile, reports from Munich say Siemens AG has obtained an order worth around DM77m. for the overall construction of two load dispatchers for electrical networks in Saudi Arabia.

Diamonds boost Israel trade

BY L. DANIEL

ISRAEL'S EXPORTS continued to rise sharply during October—the month before the floating of the Israeli pound—to reach a net value of \$272m., a jump of 42.4 per cent over the same month of 1976.

Agricultural exports accounted for only \$31m. of last month's figure since the main citrus shipment season will start only in November. Cumulative exports for the first 10 months of this year show a 28 per cent rise over the same period of 1976 to \$2.352bn.

Nearly half the increase was accounted for by the rise in sales of polished diamonds to \$300m.

Other industrial exports expanded 22 per cent to \$1.2bn. with the main rises coming from metals, machinery, electronics, chemicals, rubber and plastics products, processed foodstuffs, textiles and apparel.

Agricultural exports increased by 19 per cent to \$308m. Sales of citrus were up only 12 per cent to \$162m. whereas those of other agricultural products jumped by 29 per cent to \$146m.

However a warning that several industries will be finding themselves in "dire straits" as a result of the Israel Government's new economic policy was voiced

by the president of the Manufacturers Association, Mr. A. Shavit.

He urged the authorities to give preferential treatment to industry, "the backbone of our strength," by providing cheap credit (bank credit starts here at 28 per cent), an adressed the right to dismiss redundant workers.

"If the Secretary-General of the Histadrut (the TUC) interprets liberalisation as the right of workers to demand the highest wages they can get, the manufacturer must be able to choose his workers on merit and pay them what they are worth," he declared.

Switzerland in surplus

BERNE, Nov. 15.

SWITZERLAND HAD a trade surplus of Sw.Frs.7.5m. (£1.5m.) in October after a deficit of Sw.Frs.30m. in September and a surplus of Sw.Frs.294m. in October last year. Federal Customs Office figures show.

Exports totalled Sw.Frs.3.7bn. in October, up from Sw.Frs.3.6bn. in September, and up from Sw.Frs.3.5bn. a year earlier. Imports totalled Sw.Frs.3.7bn. down from Sw.Frs.3.7bn. a month ago, but up from Sw.Frs.3.3bn. in October, 1976.

For the first 10 months this year, Swiss trade showed a deficit of Sw.Frs.1.4bn. contrasting with a surplus of Sw.Frs.67.7m. in last year's like period.

Italian-Soviet deal nears

ROME, Nov. 15.

THE Italian Foreign Trade Minister, Sig. Rinaldo Ossola, is due to visit Moscow early next week where negotiations for the new \$650m. Italian export-credit line to the Soviet Union are expected to be finalised.

One of the main obstacles to the new credit has been Italian requests for the negotiability of Soviet promissory notes. But the Soviet Union appeared to have made some concessions on this last month during the visit to Rome of a Moscow delegation.

Last year, the Italian authorities granted the Soviet Union a credit of \$900m.

Meanwhile, trade relations and co-operation in the nuclear energy field are expected to be among the issues at the centre of talks between the Italian Prime Minister, Sig. Giulio Andreotti, and the Canadian

Sig. Andreotti, who is scheduled to leave tomorrow for a five-day visit to Canada, is likely to express concern over current "protection" attitudes in Ottawa over textile, clothing and shoe imports. These are among the major consumer goods exported by Italy to Canada.

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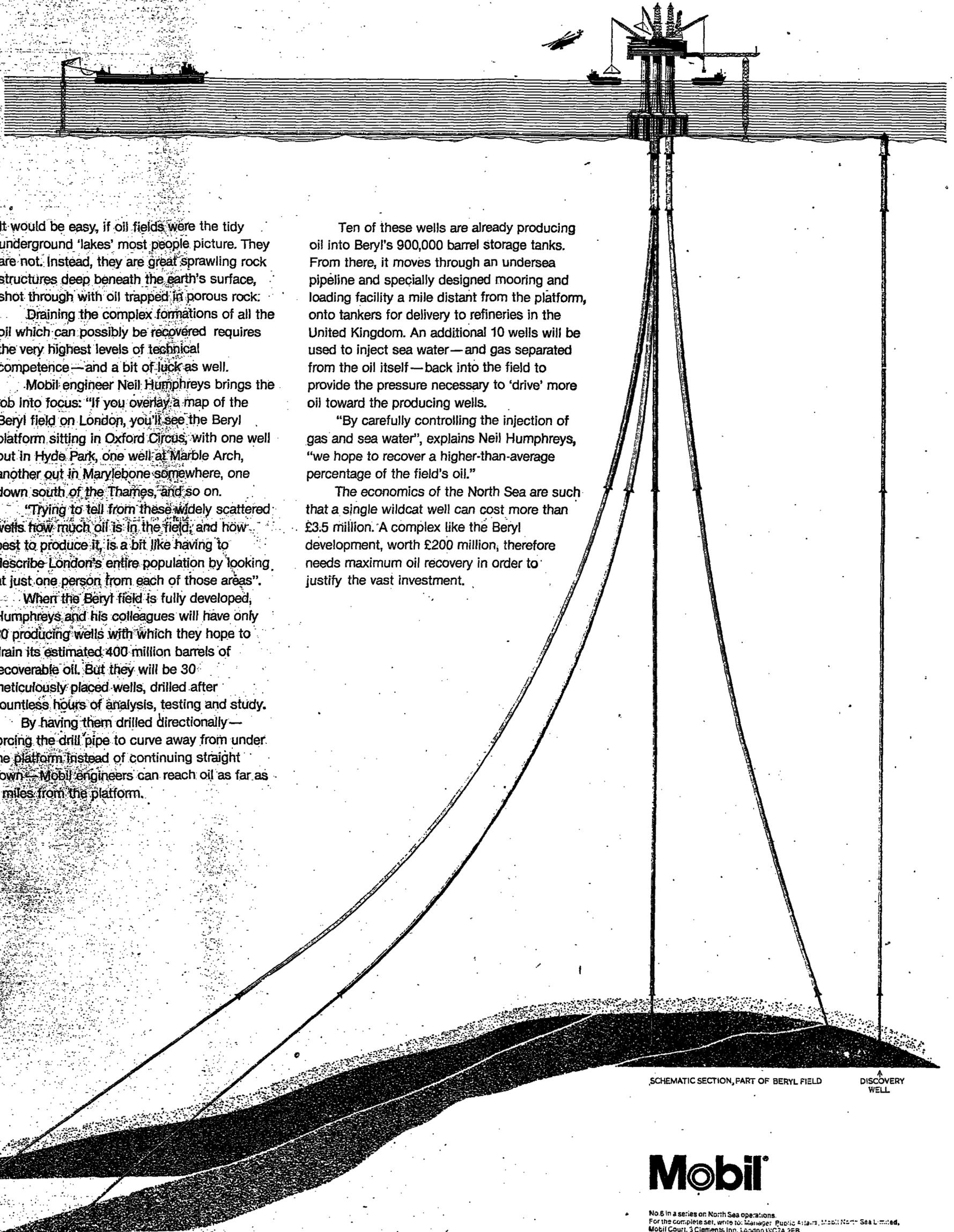
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Draining the complex formations of all the oil which can possibly be recovered requires the very highest levels of technical competence—and a bit of luck as well.

Mobil engineer Neil Humphreys brings the job into focus: "If you overlay a map of the Beryl field on London, you'll see the Beryl platform sitting in Oxford Circus, with one well out in Hyde Park, one well at Marble Arch, another out in Marylebone somewhere, one down south of the Thames, and so on.

"Trying to tell from these widely scattered wells how much oil is in the field, and how best to produce it, is a bit like having to describe London's entire population by looking at just one person from each of those areas".

When the Beryl field is fully developed, Humphreys and his colleagues will have only 30 producing wells with which they hope to drain its estimated 400 million barrels of recoverable oil. But they will be 30 meticulously placed wells, drilled after countless hours of analysis, testing and study.

By having them drilled directionally—forcing the drill pipe to curve away from under the platform instead of continuing straight down—Mobil engineers can reach oil as far as 2 miles from the platform.

Ten of these wells are already producing oil into Beryl's 900,000 barrel storage tanks. From there, it moves through an undersea pipeline and specially designed mooring and loading facility a mile distant from the platform, onto tankers for delivery to refineries in the United Kingdom. An additional 10 wells will be used to inject sea water—and gas separated from the oil itself—back into the field to provide the pressure necessary to 'drive' more oil toward the producing wells.

"By carefully controlling the injection of gas and sea water", explains Neil Humphreys, "we hope to recover a higher-than-average percentage of the field's oil."

The economics of the North Sea are such that a single wildcat well can cost more than £3.5 million. A complex like the Beryl development, worth £200 million, therefore needs maximum oil recovery in order to justify the vast investment.

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PORT
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HOME NEWS

Barclays 'will stay in South Africa'

BY MICHAEL BLANDEN

FOREIGN INVESTORS in South Africa had a duty to do what they could to avoid the holocaust which is the only way to achieve justice for those who had no vote there.

Mr. Tuke said that there would not be one man, one vote in South Africa in our lifetimes. There was much else to do, and it should be remembered that there were not many countries in Africa which had a Westminster-type democracy.

The events of the last six months, including the death of Mr. Steve Biko and the recent restrictive measures, had made a dent in the bank's policy. Nevertheless, Barclays still proposed to stay there and to exert what pressure it could to hasten the rate of change.

'Futile' arms ban

He questioned the efficacy of some forms of pressure on South Africa to change her ways. One result of external pressure was to bring a wave of patriotism which might help the present Government.

It was futile to think that an arms embargo or other sanctions would bring the changes that were wanted, though it was equally certain that they would come eventually. He questioned whether the new policies of the U.S. Administration were always helpful to those working for change in South Africa.

Commenting on the bank's position, he repeated his view, expressed in his annual statement, that the apartheid policy was "morally and economically indefensible". It would do no good for the bank to pull out; the business would then simply carry on with different owners who would not be subject to the same pressures as to bring in a more liberal policy.

Treasury may alter Loan Board rules

By Stuart Alexander

THE TREASURY is understood to have agreed to reconsider the rules under which the Public Works Loan Board operates, after a meeting yesterday between Treasury officials and finance officers of the three local authority associations.

The meeting is part of a series of talks on local authority borrowing. They are to consider proposals from the Association of Metropolitan Authorities, the Association of County Councils and the Association of District Councils.

Although there was some movement on the Loan Board, a government agency providing loans up to a set quota and lender of last resort. It appears that there were no signs of movement on other calls for a return to reserve asset status for certain local authority securities, or exemptions from capital gains tax for local authority stocks held for over 12 months.

County councils are known to be the most upset of the three groups about the voluntary borrowing code introduced six months ago, but there was no attempt to force the Government's hand by threats of withdrawal.

The associations may ask for a further meeting with Mr. Dennis Davies, Minister of State at the Treasury, if no progress is made. Elected members and leaders of the member-councils would then be given the opportunity to reiterate their views, but no official request has yet been made.

Wine trade expects more time for paying duty

BY KENNETH GOODING

THE WINE and spirit trade appears to have made a breakthrough in its campaign to persuade the Government to grant a credit period of duty payments. It hopes that there will be some action in next spring's Budget.

In the past, the Treasury has maintained it could not afford the £135m. once-and-for-all drain on its cash flow. But the Wine and Spirit Association has just presented the Treasury with a paper which says that the cost would not be £135m. but £80m. plus interest on the other £55m.

The situation arises because wine and spirit traders have to pay duty as soon as goods are taken out of bond. There is a wait of up to six weeks for customers to pay it back.

The £135m. on permanent loan to the Government in this way has been costing the

trade £15m. a year in interest. Further support for a duty moratorium has also come from the food and drink "Little Noddy" at the National Economic Development Office.

The most detailed investigation held of the Scotch whisky industry is under way as part of the industrial strategy programme at the development office.

Lack of cash The Government has pledged it will give as much support as possible to suggestions emerging from the strategy exercise.

The Wine and Spirit Association has produced new evidence of how the recession—and the lack of cash—is damaging employment in the trade.

A survey last year showed a 5 per cent. drop in employment, and a similar survey just carried

out, involving a sample of 20,000 individual wine and spirit operations, has revealed a further 5 per cent. fall in 1977. As the trade is estimated to have moved into the 1970s with 250,000 employed, the actual numbers involved are substantial—something like 25,000 people over the two years.

Mr. John Plozman, chairman of the association, said yesterday: "This is a big total compared with the money involved in a duty moratorium."

The association is heavily involved in discussions with Customs and Excise about how the duty credit period might be introduced. If everything went smoothly and proposals were made in the next Budget, subsequent legislation could come into effect in January, 1979.

£2m. order by Vickers helps to restore ICL's morale

FINANCIAL TIMES REPORTER

VICKERS YESTERDAY commissioned a £2m. computer from International Computers Limited as part of its national data processing network.

The commissioning ceremony, at Newcastle-on-Tyne helped to boost ICL's morale only a day after the announcement that it had lost a £5m. contract from Tesco to International Business Machines.

Vickers was in a similar position to Tesco as a user of ICL's earlier generation of machines, the 1900 series. But instead of buying from outside, it has decided to move up to the new ICL 2360 processor.

The company says that it was influenced by the fact that it could switch over to a new ICL machine without the need for costly re-programming.

The Vickers computer network provides an integrated system from the shop-floor to top management. It covers operations spread between Glasgow and Edinburgh in the North and

Bristol and Southampton in the South.

Vickers Engineering Group, a Vickers subsidiary, is diversifying into the trailer tent market with a new range of products made by its Oldham-based Four Plus Works division.

The two new tents launched yesterday will be followed by more products next year with a strong emphasis on Continental markets. Vickers is aiming at the quality end of the market, is pricing the two tents £885 and £997, and hopes to sell about 1,000 units in the first year.

Mr. Derek Oswald, marketing director of Vickers Four Plus, said yesterday that the decision to move into the tent business was prompted by the need to keep the company's equipment in full use during slack periods.

Four Plus is involved mainly in manufacturing automated storage systems, and the company's existing machines and painting equipment will be used for producing the car trailers

into which the mobile tents are packed. The company claims that the 240 square feet tent can be erected in about ten minutes by two people.

Disabled mark pensions win

THE DISABLEMENT Income Group is holding a Press conference at Toynton Hall, east London, to-day to mark the successful conclusion of its 12-year campaign for a pension for disabled housewives.

Mr. Alfred Morris, Minister for disabled MPs, and some of the 40,000 disabled women around Britain who will be eligible for the new £10.50 pension when it is paid out for the first time to-morrow have been invited.

Now the group is to press for a disallowance of the pension payable to all disabled people.

Skelmersdale chosen by Co-op Bank for central bureau

BY MICHAEL BLANDEN

A £7M. CENTRAL customer service bureau is to be established by the Co-operative Bank at Skelmersdale, Lancashire.

The move is expected to provide 600 new jobs over the next five years, possibly rising eventually to 1,000 in an area of exceptionally high unemployment. Because of this, the bank has been offered Government grants of £2.1m. to help finance the development, and it could attract a further £1m. of selective assistance if the higher employment level is reached.

This is the largest single office project in a special development area in which assistance has been offered by the Department of Industry under the service industry removal scheme of the 1972 Industry Act.

Mr. Alan Williams, Minister of State for Industry, said at Skelmersdale that the project was particularly prestigious gain for the Co-op Bank, which was beginning to move back after the "trauma" of last year, which saw the closure of its two biggest factories—the Courtauld weaving mill and the Taorm Colour TV tube plant.

Mr. Arthur Sugden, chairman of the Co-op Bank, said that about 500 of the initial 600 jobs would be held by local people. The bank had originally intended to locate the centre elsewhere, but had been persuaded by the Department to base it at Skelmersdale.

It sees the project as an important further step in maintaining its competitive advantages and in keeping rising costs under control. The development will service the whole of the bank's U.K. network, and will centralise all the traditional "back office" activities of a branch bank.

It is expected to help provide an answer to the problems which have been reflected in moves by some of the big clearing banks, particularly Barclays, to review the structure of their branch networks.

The Co-op Bank now has 68 branches and the number is expected to grow. These provide services for its 700-in-store Handbanks and 2,500 cash-queue points in Co-op shops. The new centre should relieve the heavy burden of clerical and administrative work.

At the projected rate of expansion, the new centre, which will include a custom-built computer room, is expected to be handling twice the present amount of Co-op Bank business in five years.

More graduate teachers in grammar schools

BY OUR EDUCATION CORRESPONDENT

A far greater concentration of graduate teachers in grammar schools than in comprehensive schools is shown by provisional statistics for 1975, published by the Department of Education and Science to-day.

Although there were only 20,347 teachers in state-maintained grammar schools, more than three-quarters had degrees. By contrast, fewer than half of the 138,065 teachers in comprehensive schools were graduates.

For state secondary schools of all types in England and Wales, about 41 per cent. of the 216,736 teachers had had graduate training. This compared with a figure of only 8 per cent. of the 201,318 staff of the primary schools.

The statistics also show wide geographical variations in the distribution of graduate teachers. Statistics of Education, 1975, Volume 4—Teachers, S.O. 47.

Building show

INTERBUILD, claimed by the organisers to be one of the biggest building and construction exhibitions to be staged in the English-speaking world, will be opened to-day at the National Exhibition Centre, Birmingham, by Mr. Peter Shore, Secretary of State for the Environment.

Industry chief urges cut in State borrowing

FINANCIAL TIMES REPORTER

A SHARP reduction in Government's call on resources is needed to revitalize industry, Sir Kenneth, chairman of both the British and Rolls Royce (AEE) trusts, said.

Both industry and the State are ready and willing to their full part. "The real question is whether the State is ready and willing to relinquish its own domestic empire for the sake of a 'bet economy'."

Sir Kenneth, giving the title of Bankers' Ernest Memorial Lecture at Farnham, said: "It is not industry's fault, but the Government's interventions in the detail of economic affairs that are responsible for our troubles, and undermining what used to be a sound and effective system."

On the competitive British industry, he said: "The greater cause of failure to compete is our mally low productivity by parison with that of our competitors."

Respite "Until we tackle this seriously we have little of recovering and of great wealth we need to finance welfare services we should like to see."

North Sea oil might provide a respite, but we must have time to cure this basic ill of our economy.

Sir Kenneth said that evidence indicated that it had been any shortages in investment they had only where the Government pre-empted the available pricing industry out.

The Government drastically reduce its borrowing requirement and preferal repaying some of its debt.

British Steel chief may be quizzed on crisis options

BY ROY HODSON

SIR CHARLES VILLIERS, Chairman of British Steel is likely to be asked to-day by MPs to disclose his range of options—code-named A, B and C—for stemming the corporation's £10m.-a-week losses by pruning jobs and closing old plants.

The all-party Select Committee inquiring into British Steel, which finished taking evidence in the summer, is reconvening to hear fresh evidence from Sir Charles, Eric Varley, the Industry Secretary, and the Treasury, about the deepening crisis in British Steel in recent weeks as losses have mounted and sales fallen.

Sir Charles is the first witness to be summoned to the new round of hearings. His evidence will be given with some reluctance as British Steel is in the middle of negotiations with the steel unions over the A, B, and C options and is not in a position to detail firm plans for alleviating the steel crisis.

Evidence from the Treasury about the cost of financing British Steel losses will be heard on November 24. By coincidence the main Board of British Steel will meet that day to consider

the corporation's financial results for the half-year— including a record loss of £200m. As part of a general cost-savings exercise during the crisis, British Steel is using existing stocks of materials wherever possible and reducing purchasing orders. The impact is being felt by specialist suppliers to the corporation and companies engaged in the recycling of materials.

The scrap trade is badly affected. Last night the British Scrap Federation reported that stocks of steel scrap held at the steelworks had fallen more than 100,000 tonnes in the last quarter. Of the scrap merchants expected British Steel to continue to use existing scrap stocks in the current quarter. "Scrap prices have reached a low point where the collecting and processing of scrap is presenting serious problems."

More British steel scrap is being sold abroad because of a depressed home market. Exports rose from 190,000 tonnes in the first quarter to 310,000 tonnes in the third quarter. Parliament Page 14

Amoco spillage rebuke

AMOCO, operator of the North Sea Montrose Field, has been rebuked by the Department of Energy over a spillage of oil during offshore loading.

The incident created a slick six miles long and half-a-mile wide. New procedures adopted by Amoco appear to have met with the Department's approval.

Cranemakers' boycott

BY OUR INDUSTRIAL CORRESPONDENT

MOST OF Britain's big manufacturers of construction equipment and cranes are to boycott the Public Works Exhibition planned for November next year.

The row centres on the fact that the manufacturers say that there should not be so many exhibitions and that they should not be held so frequently because "this is in the interests not only of the manufacturers but also those who attend exhibitions to see new types of equipment on display."

The main European construction equipment makers have persuaded the organisers of Bauma in Germany that in future it should take place only on a three-year basis—the next will be in 1980—and that Exposit in France will take place on a four-yearly basis beginning in May next year.

The Federation of Manufacturers of Construction Equipment and Cranes said yesterday: "During the same period discussions have taken place with the organisers of the Public Works

Exhibition with a view to the British exhibition forming part of the cycle of European exhibitions, but it has not yet been possible to agree on any final arrangements."

Manufacturers are particularly concerned about the way information has pushed up the cost of exhibiting at the Public Works Exhibition.

Those companies which have notified their intention not to exhibit are: Areling-Barford; Babcock and Wilcox; Barber Green England; Bentford; Bray Construction Machinery; British Jeffrey Diamond; BSP International Foundations; J. I. Case; Caterpillar Tractor; Clarke Chapman; Coles Cranes; Comp Air Construction and Mining; General Motors Scotland; Hymac; International Harvester of UK; Massey Ferguson U.K.; Frederick Parker; Penson; Priestman Brothers; Ransomes and Rapier; British Bucyrus; Stothert and Pitt; JCB Sales; Jones Cranes and Johnson Machinery.

WANG advertisement featuring a large image of a Wang computer terminal and the slogan 'We make the computer you need but thought you couldn't afford'. Text includes: 'Most companies with turnovers between £1-million and say, £5-million are only just recognising the benefits of an in-house computer. Wang make one that they can not only afford but could also save them money; especially if they currently using a bureau-with its limitations on time and capacity.' 'Consider the cost you cut. If you have to keep bought ledger, sales led full accounts, stock lists, and payroll details (for instance) a Wang computer could save you 50% And it could cost you under £4,000 in capital outlay.' 'No specialist staff needed. A Wang computer couldn't be much more simple. To start with, you switch it on and it's ready to use. After which, it almost teaches the operator how to use it. So training one of your present staff could take just a few hours instead the days or even weeks sometimes needed.' 'Wang grows on you. And with you. It will take only a few weeks to discover the benefits of a Wang computer. And, as your business grows, so will the capability of your Wang installation. You can add peripherals and extra capacity as you go along. Software too. And capitalise on your capital investment over the years.' 'Over 1,100 installations in Britain. Wang machines are installed all over Britain. For both commercial and scientific users. And there is a growing list of satisfied customers. They'll tell you just how satisfied. Write or phone us and we'll put you in touch... and send details the Wang computers that could change your whole commercial life.' 'Wang Electronics Limited, Head Office, Argyle House, Joel Street, Northwood, Middlesex HA6 1J Tel: Northwood 28211 Telex 923488' 'The big name in small computers. Branches at London W1, Northwood, Uxbridge, Harrogate, Rugby, Manchester, and East Kilbride.'

FLY AUSTRALIA advertisement with large stylized text and a small image of an airplane. Text includes: 'When you fly UTA, you'll probably be in the air at least 7 1/2 hours. So you'll want to see your surroundings (our interiors are by Isabelle Huby. French best. Logroom (our DCLD) have only 27 seats. Entire aircraft are in-flight movies, 7 channels of stereo music and two televisions. And you'll want the finest food (ours is inspired by Raymond Blanc, chef of the Grand Velour, Paris). It's a pleasure to fly UTA. Contact your travel agent or UTA, French Airlines, London 01-425 6114, Manchester: 061-834 7891, Glasgow: 041-221 2101. UTA-The long distance French Airline'

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It can help you produce business answers you're less likely to come across alone.

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HOME NEWS

Freight lorries to cross Europe by rail

BY OUR TRANSPORT CORRESPONDENT

A FREIGHT service between Britain, Italy, Greece and the Middle East... the establishment of which was announced yesterday...

U.K. 'self-interest' attack by churches

FINANCIAL TIMES REPORTER

THE CHURCHES yesterday weighed into the eternal debate about Britain's economic future with an attack on collective narrow self-interest... A report to be presented to the British Council of Churches...

Boat Show bid to bring industry to Scotland

BY STUART ALEXANDER

THE SCOTTISH Development Agency and the Highlands and Islands Development Board are to use the Janus boat show in London as a base for attracting industry to Scotland...

NATO troops arrive for mock battle

EXERCISE Avon Express—a NATO operation involving troop aircraft and military vehicles from five countries—started in Britain yesterday...

Electronics the key for Singer plant

BY CHRISTOPHER DUNN

THE RECENT decision by Singer, the sewing machine group, to run down the works in its Scottish Clydebank factory by about a fifth to 1,450 is in large measure a response to fierce competitive pressures from the Japanese and other Far East producers...

Claymore oil flows in record time

BY KEVIN DONE, CHEMICALS CORRESPONDENT

OIL HAS started to flow from the Claymore Field. It is the eighth field to be brought on stream in the U.K. sector of the North Sea in the past three years...

Windscale widows win £30,000 damages

TWO WIDOWS who claimed that their husbands died as a result of working at the Windscale nuclear power plant, were yesterday awarded a combined total of more than £30,000 by the High Court in Carlisle...

Plutonium

Mr. Jonathan Troughton of Queens Park, Milton, Cumberland, died in 1973 from a rare type of cancer. His body was found to have more than the internationally prescribed maximum level of plutonium...

New 'superstore'

INTERNATIONAL STORES, which has 725 supermarkets, yesterday opened a 57,000 square foot 'superstore' at Gainsborough, North Lincolnshire...

Ferryport for West Wales

A FERRYPORT is to be developed at Pembroke Dock, West Wales, by the British and Irish Steam Packet Company to replace services to Cork now operated from Swansea...

Go-ahead is given for relaxation of planning rules

THE GOVERNMENT yesterday gave the go-ahead for changes which will enable people to build bigger home and factory extensions without needing planning permission...

Scottish support for Hyde scheme

FURTHER support for the further interim inflation accounting guidelines published by the Accounting Standards Committee came yesterday from the Group of Scottish Finance Directors...

LABOUR NEWS

Leyland Cars and toolroom men could clash again

BY PETER CARTWRIGHT, MIDLANDS STAFF

ANOTHER CONFRONTATION between Leyland Cars and the 2,000 toolroom workers led by Mr. Roy Fraser is still on cards... The toolroom strike in March for separate negotiating rights lasted 12 weeks and cost the company most of the first half...

Power industry will face big pay claim

BY ALAN PIKE, LABOUR CORRESPONDENT

THE ELECTRICITY supply power stations, they risk further industry still recovering from the effects of the power workers' unofficial action which has just ended...

Picket line apology sought

Mr. Jack Biggin, GMWU national industrial officer and secretary of the trade union side in the industry's national negotiating structure, said last night that the eventual claim would be a "sizeable package"...

Two jobs lost

A MEAT processing company has sacked two workers after they refused to join a union under a closed shop agreement...

British Airways drops no-strike bonus idea

BY OUR LABOUR STAFF

BRITISH AIRWAYS said yesterday that it had been considering for some time a number of ideas for improving its industrial relations... Its statement followed the disclosure that among these ideas were a no-strike bonus, and a 10 per cent increase on gross earnings which amounts to an average £4 a week extra for those below management grades...

Shop workers accept 10%

BY OUR LABOUR STAFF

MORE than 100,000 shopworkers in Britain's major grocery supermarket chains have accepted a 10 per cent increase on gross earnings which amounts to an average £4 a week extra for those below management grades...

University dons may lobby MP

BY NICK GARNETT, LABOUR STAFF

UNIVERSITY lecturers and administrative staff are expected to lobby Parliament to-day as part of a campaign aimed at securing a pay package which totals up to 25 per cent approximately...

Engineering union to seek advice on unity

By Our Labour Correspondent

LEADERS of the Amalgamated Union of Engineering Workers are to take early legal advice in the hope of making a more defensible case for blocked efforts to merge the union's four sections into a genuinely amalgamated organization...

Postal ballot

One gives the exact power in matters which interests of the union to a postal ballot of members while another gives specific power to hold a lot if it is considered necessary in the general interests of the union to join any Federation...

Newspaper facing disruption

By Pauline Clark, Labour St

THREE of Britain's major newspapers were facing serious disruption in recent days because of concern among engineering section Bigwings about the power influence of officials of TA the white-collar staff side who are not subject to periodic re-election...

Tax protes may last to spring

THE Inland Revenue's Federation said yesterday its industrial action in protest the large number of mini-Budget tax changes might continue the spring...

One doesn't have to be successful to have style.



But it helps.

The world of fine luxury cars has produced many brilliant examples. At BMW we felt it would be unnecessary and prohibitively expensive to create a car with even more luxury than the best available at the moment.

The concept design basis of the BMW 7 Series was not, therefore, to produce simply another exceptionally comfortable car, but one with a dynamic and refined performance.

Luxury

The first impression one has when looking at one of the 7 Series is a car of exceptional yet quiet beauty, of disciplined power and of engineering and coachwork of the very highest quality.

Sit in the car and one immediately has the feeling of absolute comfort and excessive spaciousness especially in the back. The seats are anatomically designed for both comfort and support. The driver's adjusts for reach, angle and height.

Heating and ventilation is very sophisticated and can be finely set. Pneumatically controlled, warm and cold air are pre-mixed and delivered in three controllable zones—face, body and feet. Air directed at the face is about 8% cooler than air to the feet, so the ideal of 'cool head warm feet' is achieved. In the 730 and 733i the rear passengers have their own independent heating and ventilation which they control themselves. Ventilation is also channelled into the front side windows for immediate demisting.

Quietness is now quite outstanding. Wind noise has been drastically cut by aerodynamic design and closer bodywork 'fit' and engine noise is even lower due to new sound damping.

In the areas where luxury cars excel—design, quality, comfort and quietness—the 7 Series has found new and better technological answers.

Performance

Most luxury cars are heavy and, whilst being fairly fast in a straight line, have neither good handling nor 'agility.' They are passive rather than dynamic cars. This is not the case with the 7 Series.

The chassis combines two apparently contradictory extremes—luxurious ride with exceptional handling. The new front suspension allows softer ride whilst giving better stability with less 'dive' and 'roll.' At the rear the race proven semi-trailing arm is used. All wheels independently and correctly align themselves for the best possible ride and hold on the road regardless of the surface or camber.

Once in the car one realises that the cockpit is totally driver orientated. Seat and steering can be adjusted to any driver for maximum comfort and ease of control. Considerable research has gone into the layout and has resulted in a 'wrap around' console. All dials are equi-distant from the driver's eye, all controls come immediately to hand.

As soon as one drives the car one understands the advantages of the BMW philosophy of making the driver the essential element of car design. Stress and difficult situations are reduced and the pleasure of being able to drive both courteously and as one pleases is very rewarding.

Safety

The core of the 7 Series 'passive safety' is the passenger compartment. This rigid cell with its integrated roll over bar, longitudinal and vertical supports remain intact on impact when the front or rear safety zones absorb energy. Inside the car, padded upholstery has been developed into a complete protective system. It operates at three different levels—face, shoulder and below window level with different forms of padding to give maximum protection.

In 'active safety' terms the driver is the essential element. So everything is designed, researched and developed to make his task simpler and more efficient.

The 7 Series incorporates many highly advanced, technological improvements to help prevent the worst happening. The most important being the new 'double pivot front suspension.' This gives exceptional directional stability—should one wheel hit slush, or a tyre burst, the car will remain on line.

This stability allows a new dual braking system—if there is a failure the car brakes on one front wheel and the opposite rear wheel which, with the new front suspension, eliminates slewing.

Driving Pleasure

The 7 Series combine performance and comfort in a way that no other cars have done before. A passenger has all the luxury, the smoothness of ride and the quietness to make any journey a pleasure. The driver has the effortless power and performance which encourages a new spirit of driving.

This, then, is the new BMW 7 Series range. Cars in the very highest luxury class with sophisticated, refined and powerful performance. A unique and exceptional choice amongst the world's greatest cars.

Performance glossary (Manual figures only. Source BMW)

728: 2.8 litres, 170 bhp, 0-60 in 10 secs, max 120 mph

730: 3.0 litres, 184 bhp, 0-60 in 9.4 secs, max 125 mph

733i: 3.3 litres, 197 bhp, 0-60 in 8.9 secs, max 128 mph

Prices: 728: £8,950.00. 730: £10,540.00. 733i: £11,550.00.

All prices correct at time of going to press.

Leasing: In today's financial conditions, leasing a BMW can create substantial advantages. Your BMW dealer will be happy to put you in touch with expert advisors on leasing who can describe the schemes in detail.



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PARLIAMENT and POLITICS

Rees faces angry Left wingers over firm line with firemen

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE HOME SECRETARY, Mr. Merlyn Rees, came under angry attack from his own Left wingers in the Commons yesterday when he firmly repeated the Government's determination that the striking firemen must abide by the 10 per cent pay guidelines at the present time.



Mr. Jim Sillars argued that the firemen were a special case.

Mr. Sillars argued that the firemen were a special case. He made several proposals to give more "elbow room" to the local authorities so that they could get on with the negotiations with the firemen in the National Joint Council.

could be negotiated on top of that.

Another Labour MP Mr. Richard Crawshaw (Toxteth), pointed out that the reduction in the working week was an important social advance but did not put a single penny into the pockets of the firemen.

Mr. Dennis Skinner (Lab., Bolsover) intervened to protest that there had already been exceptions to the 10 per cent rule.

The Act covering the compensation, labelling, hygiene and safety of food, still provides substantial protection for consumers. But considerable revision is needed to take account of developments.

A consultative document, to be issued next summer, will enable amendments to be suggested.

Food safety legislation for review - Minister

THE MAIN legislation for consumer protection on food safety, the 22-year-old Food and Drugs Act, is to be reviewed and brought up to date.

The announcement was made by Dr. Gavin Strang, Parliamentary Secretary, Agriculture, in a written Commons reply yesterday.

He told Mr. Bryan Davies (Lab., Ebbw Vale) that the need for a review was indicated by the many changes in food technology and distribution which had taken place since the 1950s, coupled with the effect of joining the EEC.

The Act covering the compensation, labelling, hygiene and safety of food, still provides substantial protection for consumers. But considerable revision is needed to take account of developments.

But some existing provisions, including those for sampling and analysis, are at variance with those of the EEC, and there have also been significant changes in food technology and distribution patterns.

Callaghan wants big increase in steel productivity

BY IVOR OWEN, PARLIAMENTARY STAFF

A CALL for improved productivity in Britain's steel industry was made by the Prime Minister in the Commons yesterday.

Mr. Callaghan retorted that it was not "fair" to relate the steel industry's performance to the rest of the economy.

He maintained that the steel industry's productivity was not as high as that of the U.S. and other countries, and that the Government's aim was to improve it.

Despite repeated challenges, Mrs. Margaret Thatcher, Opposition leader, did not press for further nationalisation.

Mr. Nicholas Ridley (C. Cirencester and Tewkesbury) led the Labour conference and Tory assault on the British Steel Corporation by protesting that since nationalisation the steel industry's share of the home market had fallen from 76 per cent to 63 per cent.

Concern over industrial tribunals, says Prior

FINANCIAL TIMES REPORTER

MR. JAMES PRIOR, shadow Employment Secretary, told the Commons yesterday that there was growing concern about the operations of Britain's industrial tribunals.

Mr. Prior said this concern was also shared by some union leaders. He pointed out that the number of unfair dismissal cases was going up by 50 per cent a year and this was leading to some small employers not wishing to take on labour.

He urged the Government to examine the way the tribunals were operating.

Mrs. Jill Knight (C. Edgelyston) asked the Government to stop claims coming from the State for Employment Tribunals.

Mr. Harold Walker, Minister for Employment, said there had been an increase in the number of unfair dismissal cases.

The figure had risen to 3,000 cases a quarter over the 18 months.

He rejected "wild allegations" that dismissed employees were being encouraged to seek redress at the tribunals.

But the Government was examining claims that tribunals had become over-burdened, leading to an increase in costs.

Mrs. Callaghan commented: "It would be available, if necessary, only to show we should be added."

Whitelaw attacks 'shifting position' on 10 per cent. guidelines

MR. WILLIAM WHITELAW, deputy Opposition leader, said that the Conservatives expected the Government to ensure that local authorities continued to seek a negotiated settlement.

But "we will certainly not give any encouragement to the firemen to believe that they can gain a remedy for their grievance on pay, however strongly felt, through strike action."

He attacked the Government's "shifting position" over the 10 per cent guidelines—an upper limit one moment, an average at another.

Mr. Whitelaw urged that where there were closed shops in operation, firemen who refused to strike, or who answered calls for help where there was danger to life, should not be victimised when the strike ended.

There was a chorus of "Hear, hear" when he added that all MPs would applaud the action of the firemen on official picket duty at Poplar fire station who had gone to fight a fire which threatened St. Anne's Hospital, Bow.

Mr. Eric Heffer (Lab., Walton) said: "We trade on the social conscience of the police and the firemen. It is not right. This pay policy is like a virility symbol."

He urged Mr. Rees to be flexible. "Get back round the table and get the lads back to work."



MR. WHITELAW

pay policy is like a virility symbol. He urged Mr. Rees to be flexible. "Get back round the table and get the lads back to work."

together with the police and armed forces.

Mr. Emylvn Hooson, for the Liberals, strongly attacked this idea. "If the Government gives way to the firemen then the Government is doomed," he claimed.

Mr. Hooson warned the Government that the deal with the Liberals would be "at an end" if they negotiated an agreement which effectively destroyed its battle against inflation.

Mr. Hooson said he supported Mr. Rees in sticking to the 10 per cent pay guidelines. "It cannot give him any pleasure whatever to have to take a firm line about the claims of the firemen."

Mr. Neil Kinnoch (Lab., Bedwellty) said there could be no question of holding totally firm to the 10 per cent line. A formula had to be found for guaranteeing payment of the claim to raise a fireman's wage to the average level when the right circumstances prevailed.

Something above 10 per cent had to be put in firemen's pockets now and this must go with a promise of a substantial award in the future.

These guidelines must not be a straitjacket for Government.

ment. A settlement would not open the floodgates. "The dam holding the dam may be more dangerous than the flood."

Mr. Douglas Henderson (SNP, Aberdeenshire E.) warned that Mr. Rees had not said anything to convince him the Government's stand should be supported.

"A sense of rigidity has crept into its attitude and seems to be hardening." It seemed like a return to three years ago but instead of Mr. Heath, it was Mr. Rees.

Mr. Patrick Mayhew (C., Tunbridge Wells) said young men joined the army to be soldiers. "If they are to be used as firemen, the Government owes them the same duty it owes the firemen, to provide them with the equipment available to the extent they are able to use it."

This equipment was sitting in fire stations and Mr. Rees was not allowing it to be used.

Mr. Jonathan Aitken (C., Thanet E.) complained: "It has become increasingly clear throughout this debate that the Home Secretary's handling of the dispute has been lacking in skill and sensitivity."

There was flexibility for negotiation in the areas of fringe benefits.

Welsh Bill 'transfers wide powers'

BY IVOR OWEN, PARLIAMENTARY STAFF

ALLEGATIONS THAT the Welsh Assembly, to be established in Cardiff will be nothing more than a "talking shop," were denied by Mr. John Morris, Welsh Secretary, when he opened the second reading debate on the Wales Bill in the Commons last night.

If the Bill was carried into law, a wide area of decision making in fields covering health, education, housing, the environment, roads and cultural matters would be transferred to a democratically elected body, he said.

Mr. Morris emphasised that the Assembly would be empowered to set up a number of committees and would be required to ensure that the balance of parties in committees reflected that in the Assembly itself.

"I believe this will ensure that while, as in any democracy, the view of the majority shall prevail, minorities will have an effective role in the committees."

Mr. Morris claimed that the inclusion in the Bill requiring the Assembly to review the structure of local government in Wales had been widely welcomed.

"Wherever I go in Wales, the view is expressed that the last reorganisation of local government was bungled by the Conservative Party, and the people of Wales have had to suffer."

What was wanted is an urgent review of the present system. "I believe that the Welsh Assembly, with men and women representing every corner of Wales, will be uniquely qualified to carry out such a review."

But the Secretary of State again emphasised that there was no question of the Assembly taking over any tasks of local authorities.

He was sure that many members of the Assembly would understand what sort of local government machinery was required to provide the best and most economical system for Wales.

Mr. Morris maintained that the Bill, like the measure providing a devolved assembly for Scotland, would not destroy the unity of the U.K.

On the contrary, he believed that by giving a measure of devolution to Wales, the Bill would help preserve and strengthen the unity of the U.K.

Dismissals attacked by Tory

BRITISH RAIL has sacked a total of 40 of its workers for not belonging to a trade union, Mr. Ian Gow (C., Eastbourne) said in the Commons yesterday.

Five had been with British Rail for between 29 and 39 years and two for over 39 years, he added.

Mr. Gow said that the Employment Secretary (Mr. Booth) should go beyond his present "Positive Platts attitude" and say the dismissals were unjustified.

Mr. John Grant (Employment Under Secretary) said that although he regretted that differences had not been solved, this was a matter between management and trade unions.

Mr. James Prior, shadow Employment Secretary, asked the Government to put pressure on employers who were entering such restrictive trade union membership agreements. This particular issue had singled out 40 people from a staff of 220,000.

'Benefit denied to Army wives'

BRITISH WIVES working in Germany while their husbands serve with the 55,000-strong Rhine Army are not eligible for unemployment benefit, although they pay full taxes during their overseas tour.

"Our families suffer and they should not lose out," says Soldier, the official British Army magazine, published by the Defence Ministry by the Stationery Office.

The article is expected to cause anger and embarrassment in top circles inside the Ministry of Defence, particularly as it comes at a time when servicemen are openly showing great resentment at their pay level.

There have already been official but private protests about earlier articles in the Soldier campaign, it is understood.

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We've brought our personal touch to Charlotte Street. The same personal touch you'll find in all our group's 288 international branches. The same personal, efficient approach that helped us grow to the world's 11th largest bank, with assets of over £4.2 billion. We can help you too, internationally or domestically. Take advantage of our 56 years of expertise. Speak to our manager. He's really keen to get to know you.



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مكتبة الأصيل

Advertisement for POLSERVICE Consulting Engineers, offering technical services in the building industry, including surveys, researches, and construction designs.

CBI at Brighton

Report by David Churchill and David Freud

Employees 'should be involved in making decisions'

CBI approved in the final... of the conference... management to lead the way... employee, participation... involvement...

Lord Watkinson, president of Tube Investments, said: "I believe it is essential to make a reality of participation. Most people want to have a say in what affects their daily lives..."

Show 'on the road and rolling'

E CBI had found a voice... listening to its first... Lord Watkinson, president, said... "We have the right to speak our mind..."

New Ruberoid chief executive

John A. Roberts is to be group managing director of ROID from December 1... Nicholas Asheton is to be senior partner of AGU, LOEBL, STANLEY CO. stockbrokers...



LORD WATKINSON

waiting to speak. He said: "If there is a special case it is the housewife. There is no union to speak for them or their children..."

Nine-point package of reforms

- 1- A NINE-POINT package of reforms of industrial relations law was endorsed... 2- Employers should have similar rights to unions... 3- The CBI believes that in principle an employee should have the right to decide whether or not to join a union...

What to expect from the leading U.S. government securities firm



1. The leading firm should offer direct access to primary money markets on a worldwide basis.

Merrill Lynch Government Securities deals with thousands of companies and institutions throughout the world. Not just those in or near major financial centers.

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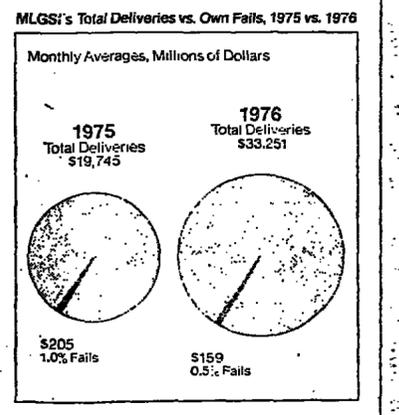


4. The leading firm should make firm bids in good markets and bad.

In a month that included a good market (November, 1976), Merrill Lynch Government Securities had an average daily volume of \$2 billion. Even when things got tough (January, 1977), the figure was still impressive—\$1.8 billion.

5. The leading firm should have a first-class clearing operation.

At Merrill Lynch Government Securities, the approach is to avoid problems, rather than trying to solve them after something goes wrong. Result: In 1976 only 1/2 of 1 percent of the firm's trades failed because of its own late payment or late delivery.



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The Management Page

EDITED BY CHRISTOPHER LORENZ

Labour productivity: why Britain may be up to the German mark

In his fourth article on performance indicators for nationalised industries, Christopher Lorenz examines a confidential 26-nation report on the performance of European Post Offices.

YEARS ago, the Dutch telephone administration had a reputation as high a labour productivity as its much-praised British counterpart. It is now well ahead of the Netherlands, and has enlarged the staff of 25,000 people to one nearly ten times as large.

The records of the British and German Post Offices have been analysed in depth by the two organisations, especially from the British side. But surprisingly little attempt has been made to explain the very different Dutch and Swedish results. So the statistics in Table 4, though calculated on the basis of the CEPT report, should be taken as only a very rough indication of the comparative productivity of the four organisations as a group.

The five-year growth rates in Table 1 are a better guide than the absolute levels, since they illustrate trends, rather than the position in any one year. This applies especially to the two telephone administrations in Britain, Germany, the Netherlands and Sweden, the most comparable European candidates for a comparative study, as explained in the next article in this series (November 23).

Use the Dutch because it is several of their key characteristics, and the Swedish because it has few factors in common with them—because it is the cheapest service, at the Swedish form part of a national Post Office.

The figures suggest that, after improving its performance less rapidly than the other two, the British reversed the position between 1970-75. But one must strip away two Dutch labour productivity layers of disguise before one can put the scope of the two organisations' activities on an equal basis, and so make a sensible Anglo-German comparison. Table 2 has been compiled after the removal of the first layer, while Table 3 reflects the position after the much thicker second layer has been discarded. It is a matter of objectivity, rather than chauvinistic selectivity, that the British Post Office (BPO) emerges in a rosier light when the layers are removed.

The first layer consists of telephone operators, or "telephonists," as they are described in the CEPT report. Its removal dispenses with a factor which severely distorts any labour productivity comparison between the two countries. The British telephone system has been far less highly automated than the German for the past 20 years, so that far more operators have been needed; over this period, automation has steadily increased, with a consequent drop in the number of operators (discussed in the next article), but the low German level will never be reached because the BPO refuses to deprive the subscriber of operator assistance if the equipment fails to work.

Because of this double-barrelled factor, the BPO has employed about 20 times as many operators as the Bundespost for the past ten years (over 40,000 against about 2,000); at the latest CEPT count, the figures were 2,300 and 37,300 respectively. The BPO denies that union pressure has artificially boosted operator employment.

Cynics may argue that the minimal operator back-up service in Germany is justified because its automatic equipment is more reliable than the British. Whatever the merits of this argument, the removal of operators from the Anglo-German comparison brings the absolute level of BPO productivity almost up to the Bundespost's level, as Table 2 shows—though it also reduces the British rate of growth towards the German rate.

The exact nature of the second layer of disguise has not yet been determined by either the British or the Germans, but it can be estimated that a further 30,000 people, at least, should be subtracted from the BPO's labour force figure for 1975-76 in order to give parity to the two organisations' scope of activities—and therefore make them more comparable. This complex calculation is explained in the notes to Table 3, which shows the cumulative effect of all these adjustments, and puts the BPO ahead of the Bundespost in absolute terms on all three ratios.

How are these productivity differences explained? One important factor is that the Bundespost's labour force was swollen by the national introduction in the early 1970s of a sharply reduced working week; at the same time, its employees did not increase their overtime working. Another factor which would boost the Bundespost's labour force—and depress its productivity—compared with the BPO, is the national German tendency to work less overtime than the British.

The Bundespost also suggests that between 1970 and 1975 it was "investing for the future," by installing equipment which was not required immediately, but which would be used in the future. This also implies that its labour productivity was artificially depressed over the period.

But the BPO was engaged in the same sort of exercise. Both organisations can expect their labour productivity to increase sharply in the next few years as a result.

Use of capital

There are other distorting factors which make it difficult to draw exact conclusions, as the Bundespost points out. The most significant is that labour productivity figures only one incomplete part of the total productivity equation: the use of capital is of particular importance in such a technology-intensive business as telecommunications. But international comparisons of total productivity are even more ridden with distortions than labour productivity measures, thanks to conflicting rules and practices in financing of older and more maintenance-intensive equipment in the British network, and perhaps by the Bundespost's readiness to spend more for less maintenance-intensive equipment, but there may be more to it than that: the BPO should investigate the discrepancy without delay.

Whether one concludes that the two organisations are equally productive, or equally unproductive, depends on one's point of view. The stark contrast with the impressive Dutch figures may reflect the inefficiency of large-scale bureaucracy, or may be due to a host of technical factors. But the improved Anglo-German performance has not been easily achieved; this will be underlined by the next article, on how the BPO managed its productivity improvement over the last six years.

TABLE 1
LABOUR PRODUCTIVITY IN EUROPE'S TELEPHONE ADMINISTRATIONS (BASED ON TOTAL LABOUR FORCE)

	Germany	Britain	Netherlands	Sweden
1970-75 increase in total staff	+13.7%	+2.3%	+4.4%	-1.1%
Connections per employee				
1970	54	40	90.5	93
1975	71	56	130	110
Increase	+31.5%	+40%	+43.5%	+18%
Telephones per employee				
1970	85	64	140	116
1975	106	89	197	141
Increase	+25%	+39%	+41%	+22%
Inland calls per employee				
1970	62,500	46,500	100,700	n.a.
1975	75,500	68,000	133,800	
Increase	+21%	+46%	+21%	

TABLE 2
(BASED ON LABOUR FORCE EXCLUDING OPERATORS)

	Germany	Britain
1970-75 increase in total staff	+13.5%	+7.6%
Connections per employee		
1970	54.7	49.9
1975	71.8	66.4
Increase	+31%	+33%
Telephones per employee		
1970	85.2	80.4
1975	107.0	105.2
Increase	+25%	+31.5%
Inland calls per employee		
1970	63,200	58,100
1975	76,400	80,700
Increase	+21%	+39%

TABLE 3
(AFTER SECOND-STAGE ADJUSTMENT ALSO EXCLUDING OPERATORS)

	Germany	Britain
Connections per employee		
1975	71.7	78.1
Telephones per employee		
1975	107	124.4
Inland calls per employee		
1975	76,410	94,124

NOTES TO ALL TABLES

1.—Source: Based on 1976 CEPT "Telecommunication Statistics".

2.—CEPT figures relate to calendar year-end, except for BPO, where they are at March 31 of the following year.

3.—All figures have been rounded.

4.—Productivity measures: Experts differ over the best measure of labour productivity in a telecommunications service organisation, but "connections per employee" has

the most support, since there is little international variation in its definition, as subscribers' lines to a public exchange. By contrast, "telephones" are defined differently, some countries counting every telephone attached to a private exchange, others treating such an exchange as one telephone. Calls are also measured in widely varying ways, and the different pricing systems for local calls also distort comparisons: the British system of charging for the length of call encourages a large number of short calls, compared with the

German flat-rate system, for example.

NOTE TO TABLE 3

The "second-stage adjustment": On the one hand, the Bundespost's telecommunications labour force has been swollen to the tune of 5,000-6,000 people by its responsibility for various aspects of radio broadcasting which in Britain are the province, not of the PO, but of the Home Office. A further factor is that, for the last few years, nearly 3,000 of the Bundespost's telecommunications employees have

been shifted to postal duties because of lack of work, though they are still counted as telephone workers. These two points suggest that the Bundespost's telecommunications labour force should be adjusted downwards by nearly 10,000 in order to make an accurate productivity comparison with the BPO. But an even larger adjustment is required in the opposite direction. The German figures exclude certain personnel, finance and administration functions which are treated as part of the overall Postal Ministry payroll, whereas in Britain they form part of PO telecommunications about 26,000 people should be removed from the BPO's figures on this account. A further figure should be subtracted to take account of the fact that the BPO installs almost all its customer apparatus, and does about 95 per cent. of its external plant work, whereas the Bundespost rate in each case is thought to be about 50 per cent. A precise figure is impossible to determine; 14,000 seems a reasonable estimate.

An aide-memoire on industry aid

URING THE past five years until now there has apparently been no central source to which a manager could turn to find a way through this bewildering maze of potential hand-outs and to see whether his company qualified for some Government cash.

No Government Department has drawn all the schemes together for the simple reason that there are many Departments involved. While the Department of Employment has listed the various employment schemes (most recently in the current issue of its broadsheet "Employment News") the Department of Industry, which is the main Ministry involved, has not pulled all its schemes together in one publication. Indeed, as the question of industrial aid has always been a politically sensitive issue, it even seems reluctant to find a way of computing the total amount of money which it makes available to industry in different ways.

Now a consultancy has attempted to fill the gap, at least as far as the availability of cash is involved. A free booklet lists all the different incentives available to industry and gives contacts' telephone numbers and addresses in Whitehall and in Government offices elsewhere in the country.

Most of the maze of schemes was started, somewhat unwittingly, by the last Conservative Government with its 1972 Industry Act. This piece of legislation remains the principal basis for most of the innovations, introduced by the present Labour Government, despite the fact that it introduced its own Industry Act 1975.

The 1975 Act created the National Enterprise Board, and also amended the earlier Conservative piece of legislation which is now being used in a way that many Conservatives would find unacceptable. For example, it has been used, under the heading of selective financial assistance, to include the plethora of special industry schemes introduced in the past few years for areas such as clothing, electric components and redmeat slaughtering.

The booklet, prepared and published by Arthur Young McClelland Moores and Co., picks its way briefly through these and many other schemes and also gives advice and assurances on issues such as civil servants' awareness of the need for commercial confidentiality, and how quickly one can expect the wheels of Whitehall bureaucracy to turn.

The only snag with the publication is that some of its information will quickly become out of date. Because of this the consultants say they will revise the booklet when necessary. It has indeed already been overtaken by events because the Government has just extended the lifetime of its small firms employment subsidy scheme for three months to next March, and has also introduced a £5m. drop forging aid scheme. Nevertheless, that does not detract from the overall advantage of having a central guide for the businessman.

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BUSINESS PROBLEM
BY OUR LEGAL STAFF

Striking off

A company has no debts and liquid assets of between £100 and £200. It has been suggested that this money could be paid to the Crown through the Treasury and then the company could be struck off. Is this the best thing to do?

The use of striking off pursuant to Section 383 of the Companies Act, 1948, is common where solvent companies cease to trade. Assets left in the company at the date of its striking off would vest in the Crown; so that payment out should be made before striking off—however, such payments would have to be effected as dividends. This should not present a problem where the sum involved is as small as you indicate.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

FINANCIAL TIMES

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Wednesday November 16 1977

A spectacular gesture

PRESIDENT SADAT'S offer to go even to the Knesset in Jerusalem if necessary to discuss peace in the Middle East may have started as a rhetorical flourish. It has now been taken seriously by Mr. Menahem Begin, Israel's Prime Minister, to the extent that an invitation has been issued and the ways of means of executing this exceptional visit are now being examined.

There could still be many hitches to prevent this extraordinary event coming about, particularly as a result of hostility from the Arab side. Some Arab and outside observers have taken Mr. Sadat's announcement as a sign of desperation from a head of State who needs the reconvening of the Geneva peace conference or any spectacular gesture in that direction to prevent his downfall at home. The Palestinians are convinced that such a visit would be a betrayal of their cause.

Syria, where Mr. Sadat arrives tomorrow for talks with President Assad, is suspicious that what Egypt has in mind is a third bilateral agreement with Israel — isolating Damascus further. Inevitably, a race can be made for each of these arguments. But the point remains that President Sadat has been careful not to put forward pre-conditions which Israel could easily reject. He has said he wants to talk to all the members of the Knesset, and Mr. Begin in particular. But he has not given himself a negotiating brief.

No substitute

The Israeli Foreign Ministry, in its first reactions, has put the suggested visit into context. It has said — correctly — that it cannot be a substitute for negotiations. It can only improve the atmosphere psychologically. This is true, but a visit to Jerusalem by Mr. Sadat, arguably the most important leader in the Arab world would amount to the ultimate in gestures towards negotiations. It would be a sign by Sadat that he had travelled the last mile to indicate that he is serious in his

A clearer CBI voice

THE day-and-a-half conference could make representations about problems which particularly affected them more directly on their own, or in some cases through their trade organisations than through an all-embracing body like the CBI. Lord Watkinson and Mr. John Mervin took over control, however, at a time when a succession of Labour measures had created the demand for a body which would provide a more adequate counterweight to the TUC. They have worked hard to improve its membership and its morale, and with a considerable degree of success. The measures which created the demand for industry for a former stand measure made it clear that there are a considerable number of general (as opposed to sectoral) issues on which the business community as a whole may have an opinion and one which the CBI is excellently placed to represent with force.

Given this change of mood and this greater realisation of the potential value of the CBI, Lord Watkinson and Mr. Mervin had good reason for calling a conference which would give members of all sorts the opportunity to make their views heard and to take part in the formulation of official CBI policy. The revised policy document that will now be drawn up will be influenced by the conference. The president and the director general will be able to stand by it more firmly in negotiations with government simply because of the more direct way in which members' opinions are expressed in it. This does not imply that the CBI will be unable to work with a government of the left, any more than this TUC with a government of the right. It does imply that in such circumstances, the representatives of the CBI will be able to make clear more definitely and at an earlier stage what business opinion is and what business reaction is likely to be. The conference, it is to be hoped, will now become a regular event.

Business doubts

Employers, as Lord Watkinson put it yesterday, found their voice in Brighton — and this, after all, was the main object of holding the conference. Some people have suggested that it was no more than a publicity stunt; they are wrong. The CBI, which represents all sorts and sizes of business, suffered for some years from difficulty in satisfying the business community as a whole that it was capable of performing the important task of putting the business view over effectively to government without moving too far towards compromise in the process. It suffered too from a widespread feeling that firms

HALFTIME AT BELGRADE

The West finds a chink in the Soviet armour

A CRUCIAL juncture has been reached at the 35-nation Belgrade conference on Security and Co-operation in Europe (CSCE). The follow-up to the Helsinki Conference. After six weeks of initially gentlemanly and later increasingly angry debates about the overall record in implementing the so-called Final Act, the Helsinki agreement signed in the summer of 1975, the meeting this week enters the phase of decision-making.

The 420 delegates, representing 35 European countries plus the U.S. and Canada, will have to take unanimous decisions about the concluding document. That, in turn, should contain references to the examination of the record in carrying out the Helsinki provisions as well as conclusions about future conduct. East but not least the diplomats cannot leave the glass palace on the bank of the Sava river before agreeing on the date and place of another similar review conference.

The stage was set after long wrangling over procedures at the preparatory talks held here last summer. What are the issues at stake? As spelled out in the Helsinki final act, the subjects are classified in three so-called baskets — security in Europe with special emphasis on confidence-building measures; economic, scientific and technological cooperation; and humanitarian issues, which means freer human contacts, freer flow of information, co-operation in culture and education.

Four neutral nations

The Belgrade conference is not just a bloc-to-bloc exercise, pitting against one another Nato and the Warsaw Pact. There are also four neutral countries (Switzerland, Sweden, Austria and Finland) which individually, as a group, and in concert with the non-aligned states (Yugoslavia, Malta, Cyprus) have been playing an important role. There is the Holy See whose representatives last Friday publicly demanded more religious freedom in eastern Europe. And who could overlook the loquacious Romanian chief delegate, Ambassador Valentin Lipatti, who to the exasperation of the Russians takes a visibly independent line — offensive on confidence-building measures, but defensive on human rights?

At half-time in Belgrade, the Soviet bloc (minus Romania) is helplessly isolated on those two issues. Confidence-building measures (in conference jargon reduced to the initials 'CBM') may sound abstract, but in fact they are the only steps mentioned in the



Mr. Arthur Goldberg: is there anything behind the facade?

As for scientific and technological co-operation, a story told by Prof. Andrzej Korbonski of the U.S. delegation speaks for itself: an American student, working on the Uzbek language in Soviet Central Asia, had to wait seven months before receiving permission to use the facilities of the Uzbek Academy of Sciences. He worked there for one day and was promised that he could return. Therefore he left his notes in the Academy. The next day he was informed he could not re-enter because his notes did not pertain to the research he was officially conducting. This case helps to explain why the West also put forward a proposal to facilitate direct contacts between scientists and experts.

As expected, the sharpest confrontations have taken place over the Soviet bloc's failure to comply with the provisions about human rights in the Helsinki Act. From the very beginning the West has taken the initiative here. The U.S. delegate Mr. Arthur Goldberg, the former Secretary of Labour, Supreme Court Judge, and representative to the UN, was asked by President Carter less than one month before the Belgrade Conference to re-enter diplomatic life after a nine-year absence. The 69-year-old lawyer, whose appearance sometimes reminds delegates of Harpo, the Marx Brother, made it clear from the outset that there was a direct connection between human rights and détente, that one had to discuss the record frankly and to seek improvements to convince

people that détente brings practical benefits to their daily lives. General speeches about human rights avoiding specific references to the Prague trial of dissidents and to the harassment and arrest of people for peaceful dissent or religious beliefs would be a mockery, he said.

Both Mr. Goldberg and other western participants made it clear that there must be progress in the area of human rights if the entire exercise is to have credibility. While the Soviet bloc kept insisting on Principle Six of the Helsinki Act about non-intervention in internal affairs, the West and the neutrals argued that human rights were no longer an internal matter but a matter of principle in the Final Act, governed by international agreements to which the Soviet Union and its allies had subscribed in Helsinki.

Five days later, the West moved to put teeth into the rather general provisions of the Final Act about human contacts. With regard to family visits, a "reasonable" time limit for granting exit permits would be one week on urgent family business; and three months for family reunions or marriages. A "substantive" fee for a passport should mean not more than one week's average wage. The working conditions of journalists should be improved.

It was at this moment that the East changed tactics. Last Friday the Soviet bloc swapped a trial of their three-point conference with 13 basically meaningless proposals. The Bulgarian proposals, Mr. Yuri Orlov, said, were aimed at promoting co-operation in the field of sport, the publishing of encyclopaedias, and so forth. The Russians, he said, were the western opponents, and the Czechs, the primary targets of western attack, assisted by the East German and Bulgarians, launched diatribes against those who, like everything is still open.

Turn the tables

For the Russians the entire conference is in the words of a western diplomat an exercise to limit damage. At the preparatory talks, the Soviet side wanted to avoid a separation of the main items and managed to push through an agenda which includes both a review of the implementation of the Final Act and of proposals to deepen détente and co-operation. The West managed to turn the tables and the Soviet Union and its

MEN AND MATTERS

Probing the Leyland psyche

You have long been able to produce an apprehensive quiver in any British Leyland executive by mentioning the word 'Datsun' — the same effect can now be achieved by mentioning the name Eric Jones. His sudden appearance on the Leyland scene is a proof that the diminutive, new boss, Michael Edwardes, is not observing many old-fashioned niceties in making his presence felt. Jones is an industrial psychologist, whom Edwardes has hired on a two-year contract to test and assess all Leyland's top men. The probing has already begun, with several nervous managers having made their way from Coventry to the London headquarters to be put through Jones's five-hour grilling.

One Leyland executive told me yesterday: "Obviously there are some doubts around." That is perhaps an understatement. The report drawn up after each psychological assessment will be sent to the individual's immediate superior, who will discuss it with him — but not let him see it. All reports are filed.

Any suggestion of a "1984" element in this Edwardes innovation is dismissed by his personal assistant, John McKay. He has come across to Leyland from Chloride, where Edwardes put 1,800 senior members of staff "over the hurdles" psychologically. McKay told me: "A measure of the success of the system at Chloride is that people who were assessed put in demands to have their own staff tested." I asked whether there had been any revelations at Chloride. Was anyone found, for instance, to be clinically insane? Happily, there was nothing like that — there was not even one sacking, although certain square pegs were removed from round holes. Edwardes's addiction to psychological testing began when

he was head of African operations for his former company. He was pleased with the results of the American system he used then on employees in Rhodesia, Zambia and South Africa itself. The grey-haired Jones is using a similar approach. His style is described by one of his subjects — or victims, if you look at it that way — as "deadpan and clinical." According to McKay, one result of taking the test is that it clears up your secret doubts about your own potential.

Young Turks and Caicos

Grander affairs like the Rhodesia peace plan may preoccupy Foreign Secretary David Owen at the moment, but should the diplomatic doctor wish to display his talents upon a smaller stage he might spare a little time for the Turks and Caicos Islands in the Caribbean. The islands (land area 168 square miles, population 8,000) are at the southern end of the Bahamas chain and form one of the remaining British crown colonies. They have a resident Governor, Arthur Watson, but a new constitution last year gave more power to the local Legislative Council, which is controlled by Chief Minister J. A. G. S. McCartney and his recently-formed People's Democratic Movement.

"Jags" and Governor Watson are currently at loggerheads over the development of the islands and even farther away London has now been dragged into the dispute. This centres upon whether or not the islands should go ahead with a planned hotel-casino complex. "Jags" and his Ministers, having signed an agreement with the developer, are anxious to proceed at full speed HMG says no.

At present the British taxpayer contributes some \$1.5m. annually in aid to the islands and the proposed casino project is one way in which "Jags" and his men hope to honour their election pledges of doing away with the need for British aid funds (about £26) per kilo — a third lower than last year's elections in 1980.

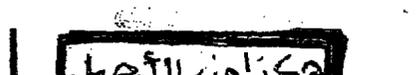
The impasse led last week to what Jags (at 3), the youngest political leader in office in the Commonwealth) described as "a formal, non-violent demonstration" outside Governor Watson's office, led by himself and his Ministers. Whether or not the Turks and Caicos has casinos, the Chief Minister believes is no business of Governor Watson or the Foreign and Commonwealth Office, who should confine themselves to matters of the islands' defence and external affairs.

This view is not, however, shared in London by Patrick Duff, who, as head of the FCO's West Indies Department, fills the role of Head Prefect in the dispute. "Oh, yes, I've talked to them. They're all gone home now, old boy," the imperturbable Duff said, when I rang to inquire after the fate of the beleaguered Governor. "A Foreign Office man of the old school, Duff emphasised the need for wise and cool-headed island administration, development along 'careful lines' (tricky things 'casinos') and the necessity for proper gaming regulations before 'gambling licences are issued."

Calling card?

American companies have now taken to "personalised" telephone selling in a big way. But all is not always plain sailing; a Washington colleague, who had to fight for weeks for the privilege of a Master Charge credit card, was astounded some months later. His wife was called up by a salesman with an ingratiating voice: "You have been such an outstanding citizen of the community that we are sending you a special Master Charge card," he said. "But," she answered, "we already have one." The caller, flushed and hung up.

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FINANCIAL TIMES SURVEY

Wednesday November 16 1977

هكمان النحل

SYRIA

After seven years of steady rule, Syria has become an influential power in the Arab world. But at home, the economy is suffering from shortage of funds, and the Ba'ath Party needs a new lease of life. Much depends on the Middle East peace negotiations.

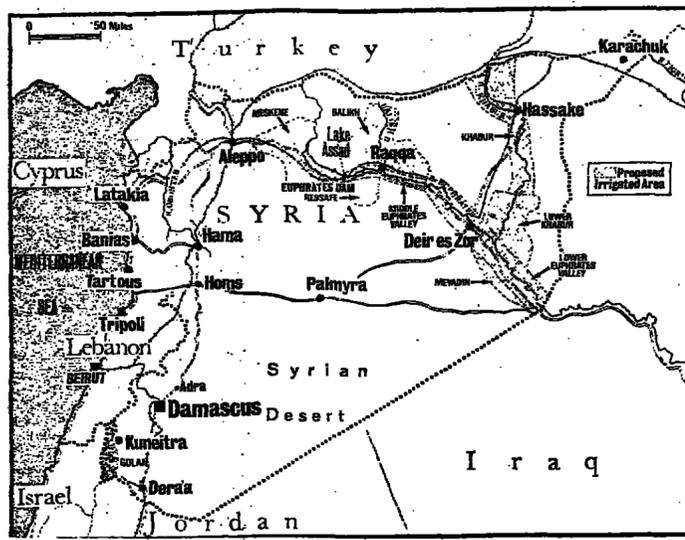
place of strife

Anthony McDermott

SEVEN YEARS ago to-day, President Hafez Assad came to power in a bloodless coup. The significant difference between a coup and the string of 20 so which had preceded it and Syria became independent years ago, is that President Assad has remained in power since he took office. In comparative terms, his rule has not been exceptional. This is not to say that Syria is immune to the stresses and strains which used to lie at the root of its chronic instability. At home, with an economic downturn after a period of reappearing and reappearing, the inter-confessional rivalry in Lebanon has turned out to be an undertaking, although its significance is increased, because of its close ties with Jordan far more complex, risky and more dangerous than had been expected.

been expected. This in turn than any other country, and in spite of having curbed the drain on the country, and power of the Palestinians during the Lebanese civil war. Furthermore, its conditions for attending the Geneva conference—both in terms of procedure and in terms of subjects for negotiations—are reasoned but expressed with more toughness and determination than other Arab states. This has meant that within the next few weeks Syria is going to decide whether to make some compromise, particularly on the nature of PLO representation at Geneva, to enable the conference to start, or to hold out for its principles with the possible result that other states might go to Geneva without it. The other effect could be that its conditions could be too rigid to permit the conference to start or for any headway in negotiations to be made.

The conflict with Israel hangs over all developments. Defence at present consumes 60 per cent of current expenditure. Syria's national pride has been hurt by Israel's continuing occupation of the Golan Heights, and its military capabilities have been overstretched for the purposes of war with Israel by the presence of 30,000 troops in Lebanon under the guise of the Arab Deterrent Force. The tinderbox tension in the south of Lebanon, where Palestinian and left wing Lebanese Moslem forces in conflict with Israeli-backed Maronite troops last week provoked heavy Israeli air retaliation, could undermine Syria's policy of trying to rebuild Lebanon (as a sympathetic ally) or even endanger Geneva. This has profound implications at home. In the two years



government which was displayed in a surprisingly low turnout at the elections to the People's Council in August. The Ba'ath Party, it seems, is failing to provide the political guidance and enthusiasm which it did in the past. Indeed, some observers maintain that Syria's youth to-day attend the mosques where their fathers would have turned in the past to the party. The Ba'ath Party remains the dominating political force in formal terms, through its regional and national commands. It is the main component of the National Progressive Front, comprising four other parties including communists and various shades of socialists, and it holds the largest number of seats in the cabinet.

In some ways, this lack of response must be disappointing to President Assad, for although Syria is a security-conscious but not oppressive country, it has, during his years in power, become relatively more relaxed. The reason for the lack of interest in politics must lie with the gradual transformation of rule from being party-dominated as it was between 1966 and 1970. It remains Presidential. It is one of the major tasks of his next Presidential term, for which elections are to be held in March, to find a new role for the Ba'ath Party. Another disturbing feature has been a series of bombings and assassinations. Officially they have been attributed to the whole to the activities of Iraqi agents. But the pattern suggests that Syria remains as always subject to internal disquiet, and in political currents in the Arab world as a whole. This cynicism is echoed by a disturbing apathy towards

BASIC STATISTICS	
Area	71,408 sq. miles
Population (1976)	7.6m.
GNP (1974)	\$3,99m.
Per capita (1974)	\$560
Trade (1976)	
Imports	\$89,21bn.
Exports	\$84,14bn.
Imports from U.K.	£64,26m.
Exports to U.K.	£7,67m.
Currency: Syrian £	
	£1 = £S7,076

"no war, no peace" in the Middle East, it is reckoned that President Assad may find the pressure from his economic and political difficulties building up. Consideration of the war option against Israel—in Syria is a security-conscious but not oppressive country, it has, during his years in power, become relatively more relaxed. The reason for the lack of interest in politics must lie with the gradual transformation of rule from being party-dominated as it was between 1966 and 1970. It remains Presidential. It is one of the major tasks of his next Presidential term, for which elections are to be held in March, to find a new role for the Ba'ath Party. Another disturbing feature has been a series of bombings and assassinations. Officially they have been attributed to the whole to the activities of Iraqi agents. But the pattern suggests that Syria remains as always subject to internal disquiet, and in political currents in the Arab world as a whole. This cynicism is echoed by a disturbing apathy towards

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SYRIA II

Moves for economic rationalisation

IT IS very tempting to talk of Syria as being at a crossroads. On the one hand it is often said that the country has the option of pursuing its economic liberalisation policies in the direction being followed by Egypt. It can dismantle much of the apparatus of socialism and become a mixed economy operating on broadly Western capitalist principles, even if it retains what it can afford of a welfare state, along with public ownership of the most vital services and industries. On the other, it is suggested that Syria can abandon its liberalisation and close up tight again as a rigid, centrally planned and administered socialist economy—even extending the process to involve the State taking over more of economic activity.

But to think in these terms is to misunderstand what is going on at present. The reality—regardless of the views of many Syrians involved in running the economy, who seem personally inclined towards a greater degree of free enterprise—is that the top echelons of government remain committed to a mainly socialist economy. What is known as "liberalisation" is more a rationalisation of the existing structure than a process which is going to lead inexorably to the creation of a new one.

The reference to a "mainly socialist" economy is significant, because despite the nationalisation of the 1960s, a large part of the Syrian economy is still in private hands. Besides owning most of the agricultural land, the private sector is dominant in light manufacturing, non-cotton textiles and the clothing industry. In contracting, property ownership and development, in transport, tourism (restaurants and hotels) and retailing. The private sector also accounts for some 20 to 25 per cent. of Syria's imports, even though there is a list of over 100 items where imports are still confined exclusively to government establishments. The list is composed largely of important items such as medicines, basic foods, vehicles and tyres, heavy machinery and building materials.

This leaves the private sector to compete with the State on such items as small mechanical goods and gives it the exclusive right to import anything of a semi-luxury nature, as well as allowing it to engage in the transit and re-export trade through the free zones in any goods whatsoever.

There is an extensive system of price controls, applying to all food items and important categories of consumer goods such as cloth. Generally speaking the closer one approaches to goods classified as luxuries or semi-luxuries, the less extensive are the price controls.

Inevitably the controls are backed up with subsidies costing up to \$5yr.2bn. (\$0.5bn.) in 1976 on a wide range of goods including, as some of the most important items, meat, sugar, rice, coffee, bread and gas oil. Most of these items are free in the market even though they are subsidised, in the sense that you can buy as much as you like at the subsidised price. But certain items, namely rice, sugar and cotton seed oil, are sold at the subsidised price only in limited quantities to each person against his or her coupon issued by the Ministry of Supply. If you want to buy more than your ration you have to pay the open market price.

In most instances the subsidies are big—sugar is \$5yr. 0.85 per kilo at the coupon price and \$5yr. 3.43 on the open market, while the comparable prices for gas oil are \$5yr. 2.90 per gallon and \$5yr. 12.00. Consequently the subsidies are a significant drain on Government revenues, and the Chamber of Commerce, which in a low key way represents a force for liberalisation in the country, has suggested that instead of maintaining such a high (and increasing) level of subsidies, the Government should raise public sector salaries. This, the Chamber rightly argues, would create a more natural market.

Since President Assad came to power seven years ago there has been a gradual rationalisation of the system. Apart from the considerable and continuing relaxation of exchange controls, the main changes have been that the Government now grants import licences to the private sector much more readily than it used to.

Both private traders and State organisations now import far more items of the semi-luxury type. The main reason for this is that standards of living, particularly among the middle classes, have risen in the past three years or so and demand can no longer be met from domestic sources. But at the same time the Government does not feel that it is losing much foreign-ex-

Sector	1970	1971	1972	1973	1974	1975	1976
Agriculture*	1,380	1,627	2,352	1,709	2,045	2,623	4,423
Industry†	1,264	1,450	1,729	1,942	2,758	4,334	5,171
Construction	225	297	331	395	704	1,148	1,942
Transport and communication	639	812	704	1,045	1,003	1,383	1,188
Trade	1,172	1,325	1,642	1,719	3,089	3,488	4,422
Finance and insurance	120	131	157	161	186	122	122
Rents	498	534	556	578	613	668	721
Government	711	816	919	1,198	1,666	2,510	2,531
Other services	424	456	501	666	865	1,119	1,137
Total GDP	6,433	7,443	8,891	9,413	14,869	18,395	22,116

* Includes forestry and fisheries. † Manufacturing, mining, electricity, gas and water. Source: Central Bureau of Statistics.

	1973	1974	1975	1976*
Goods and services	-53.4	-244.6	-504.9	-1,062.3
Exports (f.o.b.)	294.0	650.9	765.9	922.6
Imports (c.i.f.)	-347.4	-895.5	-1,270.8	-1,985.2
Trade balance	-220.0	-244.6	-504.9	-1,062.3
Receipts from services	226.8	298.9	316.1	272.7
Payments for services	-65.4	-261.6	-318.8	-291.2
Net services	161.4	37.3	-2.7	-18.5
Transfer payments (net)	336.6	382.9	581.4	393.5
Private Official	299.8	245.6	528.0	347.8
Non-monetary capital (net)	20.9	-0.5	-7.8	233.5
Private Official	-21.7	14.0	13.1	62.4
Official	42.6	-14.5	-22.9	171.1
Net errors and omissions	-40.8	-6.0	-4.2	11.1
Overall surplus or deficit (-)	232.5	131.3	64.5	-494.2
Monetary movements (increase in assets (-))	-232.5	-131.3	-64.5	494.2
Conversion rates (LS per SDR)	4.5548	4.4768	4.4924	4.4882

* Preliminary. † Including imports of non-monetary gold valued at SDR 328m. Source: Central Bank of Syria.

change by relaxing its import controls. It is reckoned that the greater supply of semi-luxury goods helps attract tourists and short-term visitors from Jordan and Lebanon, who themselves bring in foreign exchange. On the same principle much of the private sector's imports are financed with foreign exchange which is already held abroad and are therefore not drain on the State's reserves. And always in the back of the Government's mind is the consideration that a more liberal policy on imports helps fight inflation.

The private sector is also being encouraged to invest in the Syrian economy through the establishment of six free zones, through a much easier policy on the granting of construction permits and licences, for machinery imports, and various new tax concessions. Income-tax and profits tax rates have always been low in Syria and have not been reduced, but investors in industrial projects get a three-year tax holiday from profits tax and property tax (normally applied to plant as well as buildings) when their factories come on stream. They are also exempted from paying customs duties on necessary capital imports and from paying tax on that part of their profits which they retain for expanding their businesses.

The private sector has been hesitant in its response to the Government's encouragement, though if the latter maintains its present policies for long enough to rebuild the confidence shattered by the nationalisations of 1968, the entrepreneurs' attitudes may change. Foreign investors have been more hesitant still.

The only examples of Western or non-Governmental Arab investment completed or under negotiation are the Spanish involvement in the Aleppo tractor factory, which has suffered from poor management, the small French stake in the CIT-Alcatel telephone equipment plant now under construction, some possible investments in housing and tourism now being discussed with Sheikh Badr bin of Kuwait, and (although this falls into a rather different category) three oil contracts signed or about to be signed.

There are several reasons for the reluctance of foreign investors to commit their money to Syria. The most important is that in any investment involving a Government organisation as a partner the Syrians will insist on having a 51 per cent. share, which means that foreign companies may find themselves lauded with bad management which they are unable to change. Then there is the smallness of the Syrian market and the difficulty of reporting to neighbouring markets which are either already more developed than Syria or are rich that they can afford the highest quality Western goods. Thirdly, there is the fear of non-commercial risks in a form of war damage—though the other major category of commercial risk, a new programme of nationalisation, apparently not such a serious deterrent to investors. Lastly, there is the feeling that the Syrians may not be much committed to ensuring the success of foreign investment in their country until they are dealing with foreign investment on a case-by-case basis, involving the Government passing special law "sanctifying" terms of each individual investment agreement, and introducing thoroughgoing legislation to open up the country to foreign investment.

The overall result of this that most of the foreign investments being talked about in Syria at present involve projects being promoted by multi-national Arab-Government institutions, and that with West the Government is preoccupied with arranging bilateral agreements which it will prepare the ground investment. Three bilateral investment guarantee agreements have been signed—with the U West-Germany and Switzerland—and a fourth, with France was initiated in late October.

Agreement

With Britain a similar agreement will probably wait until British company shows signs wanting to invest in Syria. Meanwhile it is hoped that next year there will be the first meeting of the U.K.-Syria Joint Economic Commission which was agreed on in September 1976. The commission is supposed to sort out problems (probably to be chosen by U.K. Department of Trade which will be reserved; British companies—with the plication that as a quid pro quo the British will provide bus credits.

Unless there is any unexpected upsurge in investment, seems likely that in the medium-term future the Syrian economy is going to remain generally stagnant, which it has been for most of the past thirty years. Syria is not having really acute economic problems of the sort that Egypt and some other Middle East countries have, and over the years it has managed to build up a modest amount of foreign reserves. Together, these factors have given Syria a look of moderate prosperity.

But in no sense can the only be described as being successful or dynamic. The country is extremely bureaucratic and suffers from the Middle East tendency (found in its worst in the socialist countries where the State apparatus is bigger) for officials to be taking decisions and to solve all problems up in the direct of their minister or state party director. Despite the volatility there is little mobility by Western standards, and, as in Iraq (though on a lesser scale) the Government has a preference for appointing Ba'ath party members to positions without proper regard to qualifications.

State industries and construction projects are generally badly run, and when people are planned there is a tendency for the authorities to execute the project and to neglect to lay out the supplies of raw materials, train maintenance and other proper marketing. Syria's development has been further hindered by a serious forward lack of money. Because it has failed to achieve growth needed to generate tax from internal sources, it is to rely for development funds on cheap suppliers' credits, foreign aid and budgetary aid from abroad.

CONTINUED ON NEXT PAGE

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مكازم الأصيل

SYRIA III

Broader view of foreign policy

LENT ASSAD last month in a newspaper interview would be a miracle if it was not another war with Syria for long had reputation of being the most uncompromising and most uncompromising of the Arab-Israeli conflict.

Unlike Egypt, Syria has been successful in keeping its lines of communications open to both superpowers and ensured a constant supply of arms. Syria has moved a considerable distance from the days when it could be termed "rejectionist." But President Assad is often skillfully and tantalisingly elusive on the precise definition of some of his statements. In an interview with the New York Times in August, he said "When I sign an agreement ending belligerency, this means that there is another party with whom we have signed—and that Israel as a fact exists. But the desire to see a continuation of its existence—this depends on the future."

Nevertheless, he is repeatedly on record as accepting the seminal UN resolutions 242 and 338 and has expressed his willingness to sign a peace agreement in the form of a non-belligerency pact with Israel. But he wants complete return of the territories occupied by Israel in 1967 (although senior officials indicated in Damascus to the Financial Times that the vital assessment of the Syria will be to make the next few weeks is whether it is in jeopardy of the holding of a Geneva conference, or point he told the New York Times: "I mean... implementation of the UN resolution on Palestinian refugees, guaranteeing them the right of return to their original homes in Israel or compensation... the refugees must have the right to live as citizens of the state to which they return... I have in mind also that the total area of the West Bank is 5,000 kilometres, which cannot absorb all of 3 1/2 million people, but the area of Israel is 20,000 kilometres and it can... The question of whether the Palestinians should set up an independent state he leaves to the PLO to decide."

characteristic that while being disappointed by the American-Israeli working paper, its response was not to reject it but to study its contents slowly and in detail and then attempt to draw up with other Arab states a co-ordinated position.

Syria's overall position is however far from being impregnable. The harsh Israeli retaliatory raids on south Lebanon ten days ago pointed up Syria's comparative military impotence. Although the Soviet Union has kept Syria well supplied, its war option in the event of diplomatic deadlock of failure is limited. First, it is unlikely that Syria would go to war without Egyptian co-operation which for some time looks impossible. Secondly, with up to 30,000 troops in Lebanon as the Arab Deterrent Force, Syria's fighting capacities are dispersed and its defences vulnerable.

Division

In addition, Syria has often been at odds with its Arab allies. The deep division between Cairo and Damascus over the second Sinai agreement and Syria's policies in Lebanon were healed at the Riyadh meeting and Cairo summit in October 1976. Nevertheless, Syria has always been suspicious that Egypt might conclude a third bilateral deal with Israel, leaving Syria exposed in the Arab east.

Syria's relations with the PLO have frequently been strained. Historically, Syria has always been more deeply involved with the Palestinians than Egypt. But the PLO views this guardianship as a mixed blessing, for it fears that a key motivation is to ensure that PLO policies should be close to Syria's views rather than any other front line State. In addition, the scars of Syria's support during one period of the Lebanese civil war for the Christians against Left-wing Moslem and Palestinian forces have not been eradicated.

One reaction to Egypt's conclusion of the second agreement with Israel in Sinai in 1975 was for Syria to consolidate its position with its neighbours. Thus a close alliance has been developed with Jordan since August, 1975, which has at its basis increasingly close economic co-operation, and as a positive aim—until the spring of this year—political federation. But predictable complications holding up closer political links have arisen over the future of the West Bank and its links with Jordan if it were to become, with the Gaza Strip, a Palestinian mini-state.

Undoubtedly, Syria's most risky and complicated problem is Lebanon. It intervened to hold the ring between the different warring factions. This intervention received pan-Arab blessing through the Cairo summit conference which permitted its troops to form the bulk of the Arab peace-keeping force. But now it finds itself deeply embroiled in a problem which is both a drain on military and financial resources. It will clearly take far longer than Syria first anticipated for President Sarkis of Lebanon to be strong enough politically to deal with local competing politicians. Militarily, Sarkis is in no position to enforce order throughout the land.

In the south of Lebanon, the conflict between Israeli-backed Maronite troops and Palestinian and Left-wing Moslem Lebanese forces is dangerous enough to wreck both Syrian policies in Lebanon, and, if fighting on last week's scale is repeated, the chances of holding the Geneva conference. Syria is unable to intervene directly because Israel has indicated that it will not allow Syrian or other Arab forces to come closer to its northern border than a notional "red line." So far Syria has kept to this.

The fact is that Syria will have to stay in Lebanon for a long time (and, as is described elsewhere, this could have important domestic implications). This will raise again suspicions about its ultimate intentions in the area. For Syrian officials admit that they would like Lebanon to become more "Arab oriented," in other words infinitely closer to Syria in its policies. But this, in the context of Syria's links with Jordan has suggested that Damascus is intent on recreating Greater Syria, composed of a federation of Syria, Lebanon, and the west and east banks of the Jordan. While this may be a long term goal, Syria's immediate intentions are to create an area of dominant influence, and thereby to counter, for different reasons, both Egypt and Iraq, and to spread the burden of confronting Israel.

Inevitably, this possible confederation has caused difficulties with Syria's main aid donor, Saudi Arabia. It is a historical dilemma, that Saudi Arabia feels more secure when Syria is stable, but becomes apprehensive when this stability turns Syria into a regional power. Thus earlier this year, Riyadh's suspicious and dislike of Syria's policies in Lebanon prompted it to hold back much-needed financial aid. The flow of funds has been restored, but Damascus remains deeply conscious of this continuous potential restraint.

The inter-Ba'ath feud between Syria and Iraq has defied several attempts at mediation. Each side accuses the other of being behind acts of sabotage, bombings and assassinations. Although, both countries have stopped considerably short of direct fighting, each are doing economic damage to the other. Syria is losing about £500m. a year because Iraq in April 1976 suspended the pumping of oil through the Krukuk-Banias/Tripoli pipeline. Syria, by holding back water of the Euphrates (a fact strenuously denied by Syrian authorities) is hurting Iraqi agriculture.

This political and economic antagonism also has implications for the search for peace in the Middle East. For Iraq maintains that the Government in Damascus has deviated from the true line of Ba'athism both in Arab ideological terms and in its policies towards Israel. Iraq rejects any form of negotiations or compromise, and believes that the election of Mr. Menahem Begin's hardline Likud government in Israel justifies its intransigent attitude towards negotiations. It is conceivable that if Geneva either fails or is a disaster, Syria would be forced towards this position.

And if this proved to be the case? One of the weakest aspects of Syria's Middle East policy is its apparent lack of understanding of the domestic aspects—such as Congress and the Jewish lobby—of American Middle East strategy. Syrian officials take comfort from the fact that the U.S. now talks of Palestinian rights and seems to grasp that Israeli and American interests in the Middle East can be in conflict. But there is a tendency to assume that the logical outcome of outright American pressure on Israel to withdraw and to accommodate the Palestinians—will follow naturally. It may do but it will need far more time and argument than Syria appears to realise before its terms for a Middle East settlement come anywhere near being attained. However, Syria through its local alliances and its relations with both Moscow and Washington, is far better equipped than Egypt to withstand the strains of either diplomatic deadlock or extremely protracted negotiations towards a settlement.

to conclude this about attitudes is to miss the fact that because of history geography (the frontiers of Syria, for example, in Palestine and a sizeable part of the east bank of the Jordan) Syria's problems are extremely more complicated than Egypt's. Secondly, Syria never been prone to an-type surges of optimism but has always — and applies particularly to President Assad being realistic and headed about negotiations. The vital assessment of the Syria will be to make the next few weeks is whether it is in jeopardy of the holding of a Geneva conference, or point he told the New York Times: "I mean... implementation of the UN resolution on Palestinian refugees, guaranteeing them the right of return to their original homes in Israel or compensation... the refugees must have the right to live as citizens of the state to which they return... I have in mind also that the total area of the West Bank is 5,000 kilometres, which cannot absorb all of 3 1/2 million people, but the area of Israel is 20,000 kilometres and it can... The question of whether the Palestinians should set up an independent state he leaves to the PLO to decide."

Syria's attitude to the Geneva conference and both the U.S. Soviet statement and the U.S.-Israeli working paper has been considerably tougher than Egypt's; and reflects a basic difference between these two countries in the urgency each feels for a settlement. Syria has had its view accepted by its allies that the Arabs should be represented at Geneva by a united Arab delegation including a representative of the Palestine Liberation Organisation (PLO). However, Israel is totally opposed to the latter point, and unless the PLO's presence is blurred in some form, it will be almost impossible to hold the conference. Syria welcomed the joint super-power statement with its references to the legitimate rights of the Palestinians but typically still questioned why it did not refer either to the PLO by name or to complete withdrawal of Israel. But it was equally

Loves

CONTINUED FROM PREVIOUS PAGE

holding back development projects. Although wages are still well below Gulf levels the rates paid to concrete layers, for instance, have multiplied by four. Technically the emigration of labour is restricted—there are 18 professions which may not leave the country without a special permit (which is not often granted)—but many skilled labourers have been able to evade these controls by misstating their professions. The only compensation for Syria is that the emigrants were thought to be remitting back not less than \$500m. in 1976—some of this money coming in the form of goods, but some of it being saved for the purpose of the earner eventually investing in a business of his own.

Inflation

Of course the main reason why the Syrian inflation rate is now beginning to fall is that Government spending has dropped because in 1976 the flow of Arab oil was dramatically reduced.

This was mainly a result of the oil States finding themselves spending much more of their revenues themselves than they had anticipated they would, while the Gulf sheikhdoms were also reluctant to incur the political embarrassment of openly supporting Syria at a time when that country was engaged in an expedition of unpredictable outcome in Lebanon.

It is extremely difficult to judge to what extent the flow of aid has revived in 1977, though it seems that in the last month or so the situation has improved. The Syrian authorities maintain officially that the donor countries have never committed themselves to a definite timetable for paying on the construction of engineering businesses and

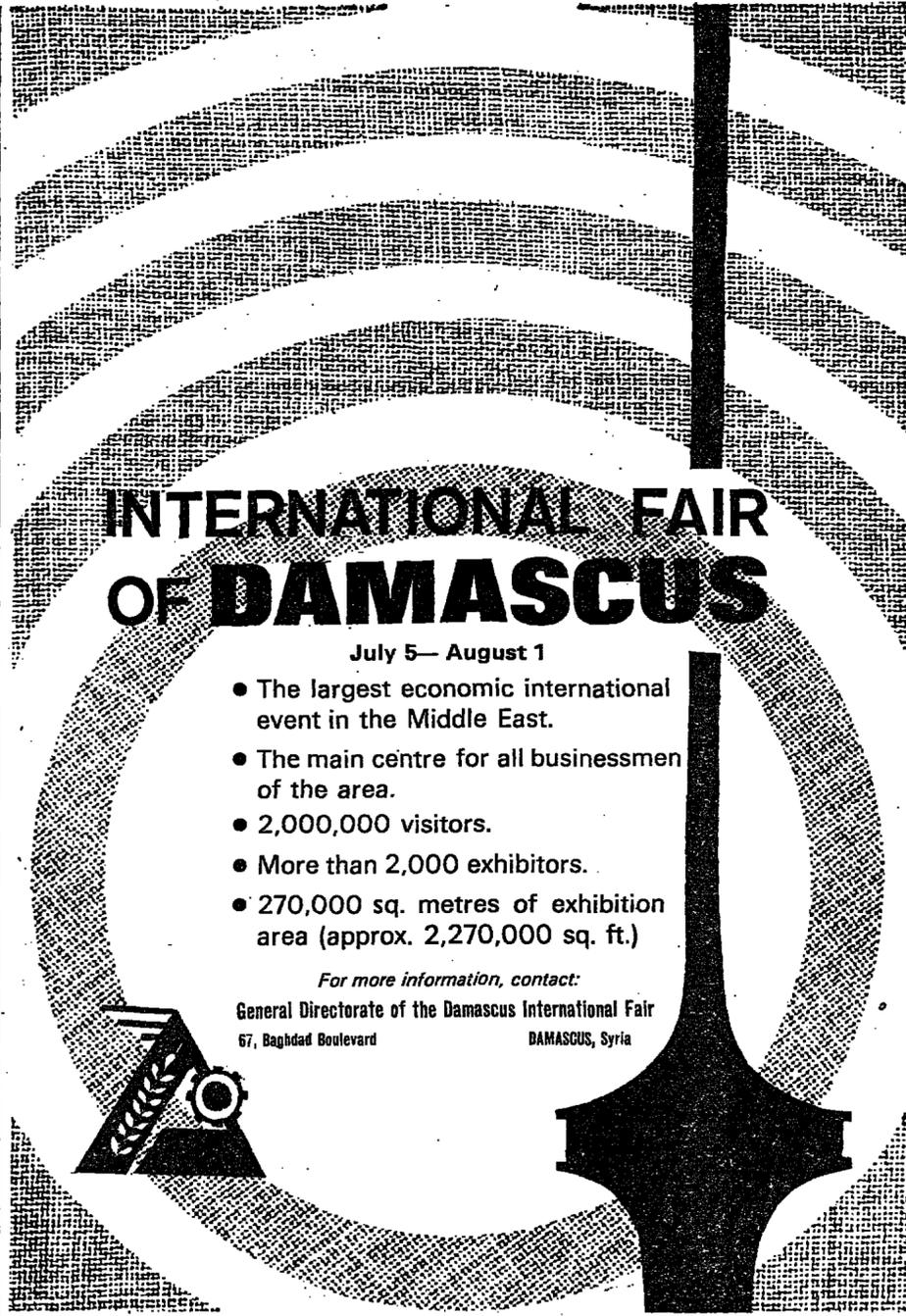
say whether or not Syria is in arrears in its receipts this year. To complicate matters further it has never been announced whether the donors have committed themselves to making annual payments of a specific amount at all, or whether Syria is obliged to negotiate new gifts and budget loans each year. (Project aid from the oil States' development funds is, of course, non-political and does not enter into this particular equation.) It is thought, however, that in the current year Syria has received the payments outstanding from 1976 and about half of the funds it expects to get in 1977.

Meanwhile Syria has rejected outright the \$250m. Euro-loan it was offered, mainly because it is not asking for non-project-related loans (as opposed to gifts) at all at the present time, and is not anxious to borrow simply to finance more imports.

In any event Syria's budget for 1977 has been set at \$4.4bn. (of which \$2.7bn. is being spent on development). Last year the budget was originally announced in March as being \$8.5bn. and was then cut in half in June. So on paper it appears that in 1977 there has been a fractional increase in allocations, though in real terms, taking inflation into account, it is clear that in 1977 Government spending is having to be cut back still more than it was last year.

For the time being Syria's brief boom is clearly over, having left behind it not only a series of problems but also a higher standard of living for most of the population despite a fair part of their gain having already been eaten away by inflation. What is depressing, though, is that in the foreseeable future it is not easy to envisage Syria having sufficient foreign exchange to resume even a moderate rate of development spending.

Michael Field Anthony McDermott



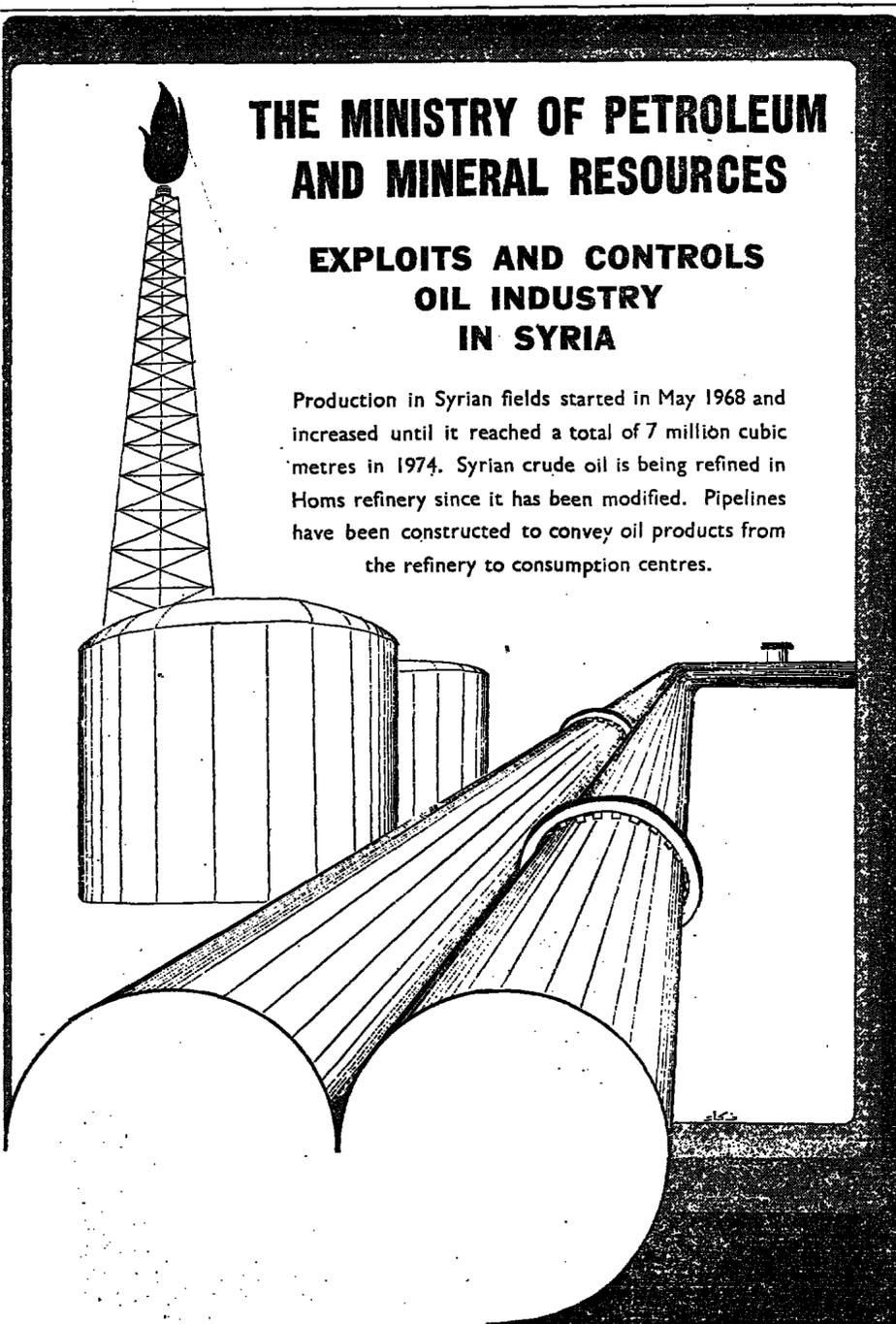
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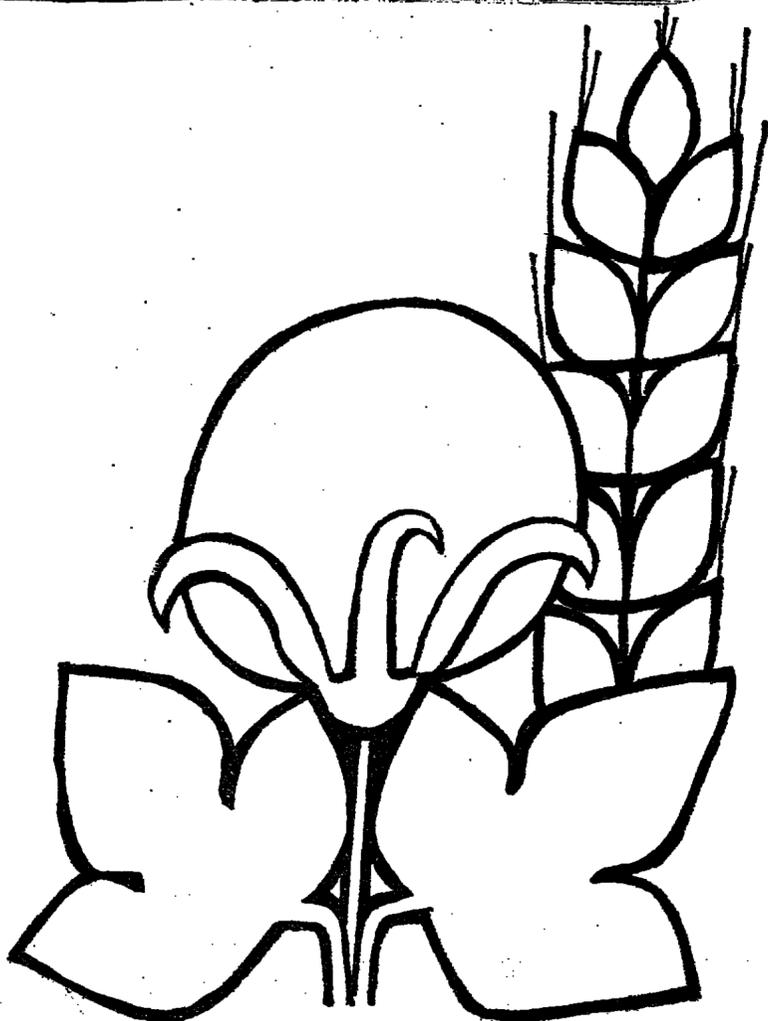


THE MINISTRY OF PETROLEUM AND MINERAL RESOURCES

EXPLOITS AND CONTROLS OIL INDUSTRY IN SYRIA

Production in Syrian fields started in May 1968 and increased until it reached a total of 7 million cubic metres in 1974. Syrian crude oil is being refined in Homs refinery since it has been modified. Pipelines have been constructed to convey oil products from the refinery to consumption centres.

EUPHRATES DAM



Since the dawn of independence and after the evacuation of the French colonist, Syria wanted to exploit its share of the Euphrates Water for irrigation of the fertile-thirsty land on both banks of the river, for generation of electric energy and for control of floods.

In 1947 Syria entrusted to a consultant engineering firm, the study of a dam in the Euphrates River at Youssef Pasha. However, it subsequently turned out that the site of Tabqa is more suitable for the erection of a dam, technically and economically.

The project remained a long time in limbo without any step forward until the revolution of 8th March, under the leadership of the Arab Socialist Baath Party which moved this important project ahead from one of words to one of action and signed, on 22nd April, 1966, an agreement with the Soviet Union for construction of the huge dam on the Euphrates River.

Thereafter the Revolutionary Government in Syria undertook responsibility to implement this great work and gave it all its care and support in order to make it a starting and turning point in the life of the Syrian Arab Republic. This was a revolution against underdevelopment and a stalwart support to economic and social development in the phase of socialist transformation in the Arab Homeland.

The economy of Syria relies first and foremost on agriculture and irrigation. It has so far utilised the greatest part of its scarce water resources and required the urgent extension of irrigated areas in order to face a steady increase in population.

It has become imperative, therefore, to erect a dam at al Thawia—to lay down the irrigation and drainage canals, to build the pumping stations and model villages in the Euphrates basin, to construct in these villages the schools, medical centres, to supply such villages with electricity and drinking water, and to prepare the required facilities such as fertilisers, seeds and agricultural machinery for co-operative societies in the area—in other words, to induce new life in a region lacking almost all aspects of life.

The electric power to be generated by the River Euphrates in Syria will reach about 2.5 billion kW/hour per year, corresponding to almost 0.75 billion kW/hour for the present total production of electric energy in Syria. Land irrigated by the River Euphrates will reach an area of approximately 640,000 hectares, i.e., more than the existing irrigated area in all parts of Syria which is estimated at only 550,000 hectares.

The Arab labourers in collaboration with the Soviet experts erected three generating units according to the irrigation programmes and producing the electric energy started in early May, 1974. The exploitation of the pilot project in the Euphrates Basin has also been started. Thus the great Euphrates project commenced giving its fruits and the leadership of the Arab Socialist Baath Party and revolution is still seriously continuing the execution and achievement of the Euphrates project to create a newly developed society built on socialist basis.

SYRIA VI

Modest oil producer

SYRIA IS, and is likely to continue to be, only a modest oil producer by Middle Eastern and world standards. Its output slightly exceeds that of Ecuador at the bottom of the OPEC table, and of Bahrain in a similar position in OPEC. Nevertheless, Syria's oil makes an important contribution to the economy through foreign currency earnings, as a strategic safeguard lessening dependence on others, and as fuel for industry, transport and agriculture.

Syrian oil statistics tend to be inconsistent. On the one hand O.APEC estimated that annual production, 184,000 b/d in 1976, had risen to 200,000 b/d in January and February this year, a level which Mr. Isa Darwish, the Oil Minister, maintained in the Financial Times had been since sustained. This rise of 8.7 per cent. is in contrast with an earlier statement made in August to the Beirut weekly 'Alam al-Naft' (The World of Oil) that oil output was expected to fall from 10.1m tonnes (over 300,000 b/d) in 1976 to 8.9m tonnes.

Mr. Darwish gives two main reasons for not wanting to expand Syrian production levels—the maximum current capacity is 250,000 b/d—until new reserves had been discovered capable of sustaining a higher level of output.

The first is the need to conserve existing fields to keep overall proven reserves, estimated in 1976 by O.APEC at 12bn. barrels, at as constant a level as possible, with the help of new discoveries. Secondly, it is Syria's intention to stretch existing reserves for as long as possible to serve economic development. However, an additional reason for only a gentle increase in production over the last few years has been the notably slow response by foreign companies to take up concessions offered under a change of Government policy. The conclusion recently of a number of "production contracts" with foreign companies suggests that this may now be changing. In Europe (including France, Italy, Belgium, Spain, Holland and Greece), 7.3 per cent. to Eastern Europe (including Yugoslavia,

Hungary, Poland and the Soviet Union), and of the rest, 2.7 per cent. went to the Middle East.

In addition, for the purposes of local consumption, it is also necessary to mix Syrian crude with lighter crudes. In the past the bulk of this used to come from Iraq, and also Libya and Algeria. So far, Saudi Arabia has been the main source of the 1.5m-2m tonnes to be imported this year. According to Government statistics, in 1976, exports of oil, oil products and gas amounted to \$2,680m, against imports of \$3,750m, giving a oil trade surplus of \$1,070m. (This is to be compared with a deficit in 1968 of \$310m.)

These earnings have to be set, too, against estimates for expenditure in the general consolidated budget. For the Ministry of Petroleum and Mineral Resources—and the former sector takes by far the greater proportion—expenditure, which was \$1bn. in 1976, will rise slightly to \$1.1bn. this year, further reducing the overall direct gains to the Syrian economy. (Within the budget, the expenditure of the State concern, the Syrian Petroleum Company (SPC), fell from \$407m. in 1976 to \$299m., while those for the Banias Refinery company (BRC) rose from \$330m. to \$357m.)

In terms of planning, Syria's oil production has slipped behind schedule. Under the terms of the 1971-75 plan, production was due to reach 15m tonnes at the end of the period, but SPC, due to an over-estimate of reserves recoverable through natural pressure and delay in exploiting the new Jubaisa, Alayan and Hanza fields, only extracted 4.9m tonnes. As a result after 1975 SPC was obliged to increase considerably investments for drilling development wells and secondary recovery programmes. Investments averaged \$200m during the plan period and then rose to \$240m. in 1976. Under the current 1976-80 plan \$28m. (\$2bn.) (14.7 per cent. of total investments) are to be allocated to the Energy and Fuels sector. Of these \$543m. have been carried over to programmes from a previous plan. The main allocations are of \$52.6m. to SPC, \$51.2m. to the BRC. They envisage the survey of 750 sq. km., the drilling of 300 metres of prospective wells, developing of existing fields, the drilling of 104,000 metres for 87 production wells, the production of 52m. cu. m. (327m. barrels) of crude oil, the exploitation of 450m. metres, in refining, the aim is to expand annual capacity of refineries to 11m. tonnes, local and export purposes.

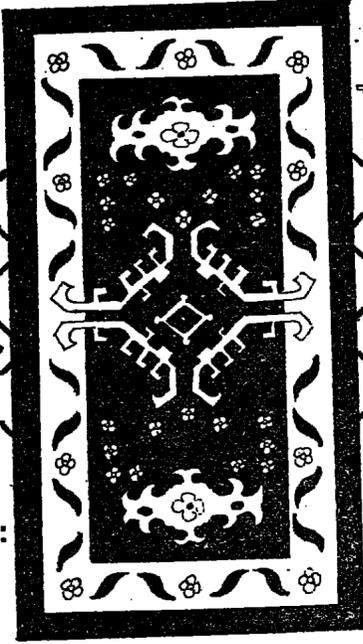
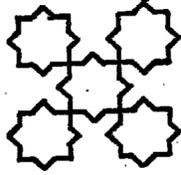
History

The history of oil exploration in Syria has taken many twists. The first oil concession was awarded as far back as 1902 but it was not until 1958 that an American entrepreneur, J. Minshall, in association with Atlantic Refining and a month, Steel Corporation, covered oil in Karachuk, in north-east of Syria, with initial flow of 1,000 b/d. It was the West Gas company, Deutsche Erdgas, was granted an exploration licence, and in August 1959 it covered oil in the same area, Suwaidiyah. Thereafter, a wave of nationalisations, concessions were withdrawn and for more than a decade petroleum sector was under the control of the General Petroleum Company (GPC), and operations carried out with the aid of the Soviet Union.

The industry's shape altered at the end of 1973, by a cabinet decision dividing the GPC into six companies, under the direction of the Ministry of Petroleum and Mineral Resources. These are: the charge of the exploration well as sale of crude oil; gas; the Syrian Crude Oil Transport Company, handling transport of Syrian crude; the oil fields to the Banias export terminals; the Homs refinery; the Distribution of Petroleum.

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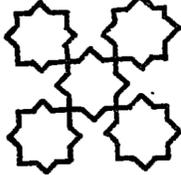
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Exploiting the Euphrates

WHEN DR. MOHAMMED IMADI, the Syrian Economy Minister, makes his visit to Britain scheduled for early December, one of his major aims will be to interest British companies in developing Euphrates irrigation projects on a service contract basis. His President, Hafez Assad, has said on several occasions recently that foreign companies are welcome to become involved in the Euphrates projects, and offers have already been made to French and American. Although representatives of a consortium of British companies were scheduled to be in Syria during the first half of this month, it seems that when Dr. Imadi comes to London he will be seeking suggestions from the Department of Trade as to which companies might be interested in participating. The field will be very much open for individual companies to put themselves forward.

The development of irrigation works has now been under way for six years and is divided between seven separate areas (leaving aside the Khabur valley). In total these areas amount to 640,000 hectares gross (in other words with the area of roads, villages and the canals themselves included) though in practice as the projects are developed they will be expanded or contracted according to the fertility of the soils they are found to contain, plus any other engineering factors. Already there have been some quite big changes in the projected utilization of the areas.

What follows is a status report on the stage of development reached in each of the project areas:

1. Balikh basin: The Balikh area totals 185,000 ha gross, all of which has been the subject of a general study and design produced by Sir Alexander Gibb and Partners. The area is subdivided into a pilot project and seven separate blocks. The pilot project (25,000 ha gross and 20,000 ha net) is now almost complete, having been built by Bonifica di Italy, the Syrian State Irrigation contractors, became independent and is the largest project in the current

development plan. It is focussed on the massive Russian-built dam at Tabqa, which was closed in 1973 and is now more or less complete. Its basic purpose is to bring about a large increase in agricultural production and dramatically improve Syria's trading position.

At present the dam is also producing much of Syria's electricity, allowing the established thermal power stations to operate mainly at times of peak demand. But as the irrigation projects are completed more and more of the dam's output will be used to pump water into the main canals. Although eventually Tabqa will have a capacity of 800 MW, compared with a current installed capacity of 600 MW (about a third of which is being used at present), only some 10 per cent. of the dam's power will be fed into the grid, to meet peak load, once the irrigation development is finished.

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growing poplar trees and sugar beet, both of which have done very well, and cotton. Last year rice was tried, but it was discovered that the soil was unsuitable and that the crop needed too much water.

2. Meskene basin: The Meskene area totals some 130,000 ha gross, the original 100,000 having been trimmed because of salinity problems and the discovery of large amounts of gypsum under the top soil, which together would have made parts of the project unrealistically expensive to develop. This area is divided into two parts, of which the eastern some totalling 23,000 ha were being under study by the Japanese company Nippon Koei. The Japanese consultants are now preparing tender documents, and it is hoped that contracts will soon be awarded for the development of an initial 13,000 ha.

The other, Western, division of the Meskene basin, is entirely in Soviet hands, 87,000 ha being under study, and 21,000 ha being under construction.

Study

3. Euphrates basin: So far this area has been subject to only a preliminary study carried out by a Bulgarian state firm.

4. Middle Euphrates valley: The Romanian company, Romagrimex, is now developing this area, totalling 17,000 ha gross, in conjunction with its development of division seven of Balikh.

5. Lower Euphrates valley: This 200,000 ha of this area are regarded as being the most fertile and most important in the entire Euphrates development. Studies on 120,000 ha have been carried out by the French, who are now preparing tender documents, and it is hoped that the area will be under construction some time next year. Quite a lot of the land is already irrigated by traditional methods, but because of inadequate drainage some 4,000 ha per year is being "lost" through salinity. This means that development will have to include a major leaching operation.

6. Lower Khabur and Nejdah: Only the most rudimentary studies have been carried out in these areas at present no further studies or development work. When work eventually begins it is expected that the contractors will face the problems of a sub-soil, which may cost present 70,000 ha envisaged development to be scaled considerably.

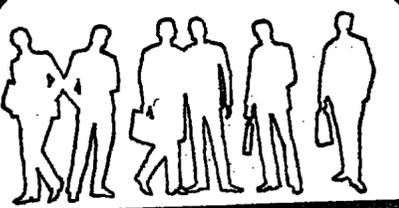
7. Khabur valley: The 140,000 ha of this area are regarded as being separate from the Euphrates developments, has been given for study by Bulgarian firms by the Projects Administration.

By 1980, which nominally marks the end of the Fourth Plan, it is hoped the different contractors will have completed the project, the 25,000 ha Meskene being developed by Russians, division 7 of Euphrates valley, and bits of the Euphrates valley. This is anticipated to produce some 20/30,000 kg per ha being developed, taking the grain as a whole in 21st century.

But in practice it is extremely difficult to project this advance. This is not because of question marks over the availability of funds, or quality of soils, but because of extensive migration (which will itself be a considerable training item) the population of eastern regions will be too to cultivate the land. The schemes envisaged, indeed, is a large-scale return of emigrants from the town western Syria. The Government hopes to make life on the projects attractive enough to bring about this return of people through pleasant new villages, proving that farmers in the Euphrates valley, the most prosperous in the country, are not only successful. Not only are the project farms successful, but it is also a fact that any farmer who has left the land seldom returns.

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Statistics: 30/6/76 in thousands Syrian Pounds.
Capital and Reserves: 181,896. Assets: 6,833,486
Regular Accounts: 11,319,944. Balance sheet total: 18,163,430. Turnover and profits development: 52%



مكتبة الأصيل

SYRIA VII

A dilemma for the banks

THE past few months borrower a lower rate of interest than normal considerations of risk would dictate because the borrower happens to be in an industry which has been studied by the state's development plans. The Bank of Syria (the central bank) and the Ministry of Finance, which is in charge of the project, have been studying the matter for some time. The Ministry of Finance, which is in charge of the project, has been studying the matter for some time. The Ministry of Finance, which is in charge of the project, has been studying the matter for some time.

the Commercial Bank for non-commercial transactions such as tourism and medical trips abroad. For a tourist the maximum is about \$350 per trip—though of course if the tourist already has dollars he may take any amount out of the country without being asked where he got the money.

There are also the remains of the "365 day rule" still officially in force. This rule, which was originally introduced in 1970-71, when Syria was experiencing a particularly severe shortage of foreign exchange, divided imports into two categories: one composed of essentials such as spare parts and items needed by Syrian industries, which were to be granted immediate foreign exchange; and the other composed of consumer goods and other items classified as being semi-luxuries, for which import licences would be granted only if the importer obtained a credit facility of 365 days from the supplier. The system was backed up by the formation of a committee charged with judging whether the facilities arranged by importers were real or phoney, and the committee discovered in time that most importers were opening letters of credit outside the country which they would repay either with funds obtained on the Syrian black market or with capital they already held abroad—having smuggled the money out of the country or bought it from Syrians working abroad. At the same time importers would arrange for the exporter to send the goods to Syria under a false invoice stating that credit terms had been agreed for 365 days.

Controls

The one area where there has recently been a move in Syria towards Western banking practices (leaving aside the proposals for the establishment of offshore banks) has been in exchange controls. It is now possible for both residents and non-residents to import and export foreign bank notes in any quantity without even having to declare them. Likewise, importers in the private sector may now use any source they like to finance their imports, and foreign exchange deposits of both non-residents and Syrians with legitimate business abroad have been made freely movable.

The main controls still in force are that there are limits on the amount of cash in Syrian pounds that may be moved in and out of the country, and that there are limits on the amounts of foreign currency that may be brought from

the end of the nationalisation process the banking business in Syria has been run entirely by nationalised institutions, plus the Department of the Five Banks is the Commercial Bank of Syria, which has deposits of \$1bn. charged with financing and external trade and holding foreign exchange reserves—apart from a few including military purchases which are handled by the Real Estate Bank, finances construction in the public and private sectors.

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Oil

CONTINUED FROM PREVIOUS PAGE

ment of pipelines, storage reservoirs and the distribution of petroleum products on the local market; the Homs Refinery Company; the Syrian Company for Oil Transport set up in June, 1972 to manage the former IPC crude pipeline transporting Iraqi crude across Syria; and the Banias Refinery Company set up in July, 1975 with capital of \$110m. At present five fields are being exploited. In order of size they are Suwaidiyah (which began operation in July, 1968 and produces 90 per cent. of Syria's crude); Jubaisa (which started operation in May 1975 and also has considerable reserves of associated and non-associated gas); Karatchuk (which began operation in 1969); Rumeilan, and Alayan (which became productive in May, 1976). All are situated in the extreme north east corner of Syria, with the exception of Jubaisa, some 40 km south of Hasake. With the exception of that latter field whose specific gravity is 40.2° API with a sulphur content of 0.62 per cent., they are all of heavy crude, between 21.25° API and sulphur content between 3.5 and 4.5 per cent.

In the last two years, however, in areas worked by SPC, four new small fields have been discovered: el-Houl and Gubeibe, both east of Hasake; Salhiye, further south near the Iraqi border; and Tishrin (October) near Jubaisa. The detailed estimates of these wells' outputs are still being studied but officials reckon initially that the production of el-Houl and Gubeibe at 700 b/d each. The specific gravity of the four fields are divided between 18-19° API and 24-26° API. Officials are particularly encouraged by the discovery of natural gas in large quantities at el-Houl, and a preliminary estimate of its annual output is 200 m.cu. metres.

During the period from 1963 until the beginning of 1974, oil operations were conducted with foreign companies exclusively under the terms of working contracts, which provided for no share in the profits of a successful operation.

Syria has until now regularly consumed more refined products than it produces. In 1975, 1976 production was 48,300 b/d to 54,900 b/d (438 per cent. of which was fuel oil, 28 per cent. of which was gas, 17 per cent. gasoil, and 14 per cent. kerosene). However over the same period local consumption rose by 18.6 per cent. from 63,784 b/d to 75,656 b/d (gas oil accounting for 51 per cent. It may also fuel oil 14 per cent. and gasoil 15 per cent.). The deficit

OIL PRODUCTION AND EARNINGS				
	Production ('000 barrels/day)	Exports ('000 barrels/day)	Value of Exports (ES '000)	Percentage of Exports
1968	20,660	16,800	30.0	4.5
1969	52,400	46,600	83.2	10.5
1970	84,840	71,300	128.7	16.6
1971	105,780	69,600	176.1	22.3
1972	117,240	77,100	200.1	17.5
1973	110,420	82,700	291.3	21.7
1974	130,700	117,300	1,607.5	55.2
1975	192,740	189,400	2,376.6	69.1
1976	195,200	182,300	2,385.7	62.4

this rose from 17,484 b/d to 21,356 b/d. The intention is to make Syria a net exporter. At present there is one refinery operating at Homs. It was set up in 1955 with a capacity of 750,000 tonnes a year and has been expanded to its existing capacity of 3.2m. tonnes. During the 1973 war it was badly damaged by Israeli bombardment and took a year to return to its (then) full capacity of 2.7m. tonnes. Work is under way to complete by August next year a second refinery at Banias. The projected refinery with an annual capacity of 6m. tonnes/year under the original \$297m. contract awarded to the Industrial Export Organisation of Romania on a turn-key basis has been modified to process a mixture containing 50 per cent. Syrian crude. Originally, it was to process a mixture of 20 per cent. Syrian crude and 80 per cent. Iraqi Kirkuk crude (36 degrees API). The modification followed Iraq's decision to suspend in April last year throughput via the Kirkuk-Banias/Tripoli pipeline system.

Reserves

Syria's gas reserves are underexploited. Proven reserves of natural and associated gas were estimated at 700bn. cu. ft. in 1975. The natural gas is not being exploited, and associated gas is being burned off at the well-head. A first recovery programme being carried out by Japanese companies aims at exploiting 4,338m. cu. ft./year of gas produced by the fields of Suwaidiyah (13,531m. cu. ft.), Rumeilan (523m. cu. ft.) and Karatchuk (282m. cu. ft.). If Romanian studies on Jubaisa prove to be accurate its recoverable reserves could be as high as 1,437bn. cu. ft. of natural gas and 115bn. cu. ft. of associated gas, more than twice the total volume of estimated reserves for other fields together. According to officials, negotiations are

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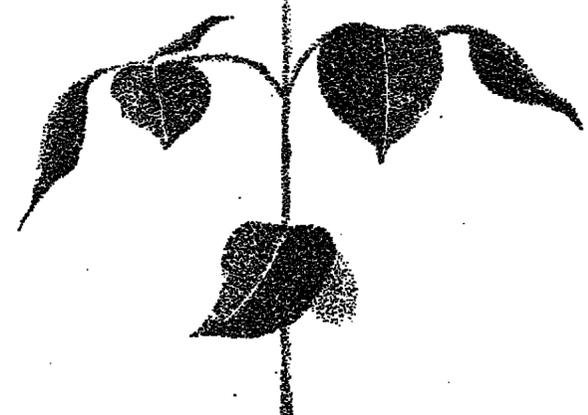
THE ROSE WHICH EMIGRATED FROM DAMASCUS AND RETURNED THERE

On August 6, 1968 the city of Damascus received, as a gift, from the French town of Provins, a cutting from the rose, ROSA DAMASCANA.

This variety of rose had been imported to France, from Damascus, during the Sixth Crusade in 1238.

Retracing the route which the rose would have taken on its journey to France, two young French people brought it back to Damascus.

Today, this rose adorns the gardens of the Damascus National Museum.



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A.McD.

growing fears over building land shortage

BY MICHAEL CASSELL, Building Correspondent

JGH 1977, looks set to which might change fairly replace the old development of the poorest years in quality. If the substantial compound the situation. The reversed and the supply situation, in the housing market becomes tighter. The major problem now confronting the house builders which cannot be resolved as easily or quickly as one of land.

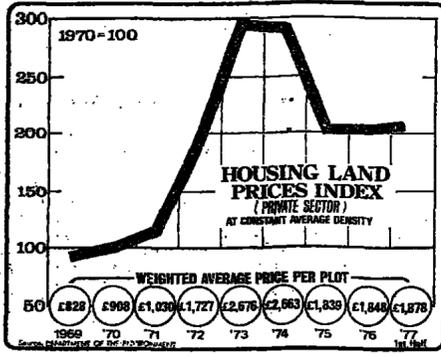
The price of land has not so far presented many serious problems, with the market generally reflecting the current low level of activity. It is the growing scarcity of development sites which is now giving cause for concern and the industry is particularly alarmed because it feels Ministers are totally underestimating the potential gravity of the situation.

Low output

For in spite of the relatively low level of housing output, sufficient supplies of land to feed even a modest building programme are becoming harder to find.

Shortages have become increasingly serious since the beginning of the year and the problem of finding suitable sites for development is one which is now confronting most contractors. The industry cites several reasons for the impending crisis. Not the least of these, the builders say, is a chaotic planning system and legislation which provides for penal taxation rates on people selling land for development.

The builders claim that planning delays have now at least doubled the time it takes to bring a greenfield site to the development stage. Local authority reorganisation cuts in public expenditure and confusion caused by the failure of planning authorities to devise new structure plans in time to



The national land price conceals some considerable regional variation.

Land Scheme—an amalgam of a Land Act and a Development Land Tax—was designed to enable the community to control all significant development land and to benefit from any increase in land values which arose. In one package, it was intended to transform a system of land supply which had been complicated and confused ever since the 1947 Land Act.

The builders claim that this confusion still reigns and that the Government's policy has not and will not work, although many observers would suggest that it is too early to make a meaningful assessment of its impact on the land market and on the planning and development control system in general.

The early days of the "new era" in land and planning policy have certainly been far from dramatic. In theory, the local authorities should by the end of the decade be supplying 60 per cent of all land for private housing but, in practice, curbs on public expenditure have already hit the acquisition programme and the rate of loan sanctions approved by the DOE will have to be substantially stepped up if targets are to be met.

Land tax

The tax, with rates of up to 83 per cent on profits arising out of the sale of land for development—a temporary concession now limits the top rate to 66 per cent—has without doubt exacerbated the supply situation.

Falling land prices and the prospect of heavy taxes have led many landowners to hold on to an asset which they might otherwise have put on the market. Their resolve not to sell can only have been strengthened by the thought that the Conservatives, while granting the need for a tax on gains arising from the receipt of planning permission, are at least committed to reduce the level of taxation levied. The Party in opposition, the Labour Party, has also committed the Party to repealing the Community Land Act.

The Conservatives will find many allies in the house building sector if, given the chance, they reduce D.L.T. But the

Letters to the Editor

clear
 Mr. D. Henderson.
 The award of a nuclear power plant order to Siemens of West Germany (November 11) is a dilemma faced by the rest of the world in which nuclear technology is chosen for this country's single nuclear power programme. As a result, the country is concerned to have the capability to develop it, but the capability to export it is limited. We could be the first to export nuclear technology, but it is not only the technology and the re-technology that have to be exported, but also the know-how to build and maintain the plant. The technology is not only the technology, but also the know-how to build and maintain the plant. The technology is not only the technology, but also the know-how to build and maintain the plant.

Professionals v. gentlemen

From Mr. G. Gneditch.
 Sir—Referring to the some what out-dated article by a correspondent now approximately 250 years dead (November 14, page 2), upon the present-day standards of architects, I only wish to point out one comment he makes, and I quote: "Accepting that clients were often strong in their opinion, the architects they employed it (The Monopoly Commission) pointed out that collectors and accountants were in the same situation, yet were able to rely on their reputation and efficiency to secure adequate fees, and that an architect's fee was small in relation to the amount he might be able to save a client; excessive cheseparing therefore was not in the latter's interest."

To-day's Events

- Pay negotiations resume between Fire Brigades Union and local authority employers.
- Prime Minister visits Derby factory of Rolls-Royce.
- Talks continue in Geneva on proposed fund to stabilise commodity prices.
- University teachers' meeting on pay, Central Hall, Westminster, S.W.1, followed by lobby of House of Commons.
- Mrs. Margaret Thatcher, Conservative Party leader, presents Dettol Nursing Awards, Churchill Hotel, W.1.
- Mr. David Lane, chairman, Commission for Racial Equality, gives opening address at BACIE conference on Industrial Training.
- Boards and Race Relations, Drury Lane Hotel, W.C.2.
- Mr. Fred Mulley, Defence Secretary, speaks on British Defence Policy to-day, Royal United Services Institute, Whitehall, S.W.1.
- European Parliament in session, Strasbourg.
- London Chamber of Commerce trade mission to Japan now on week's visit to Osaka.
- International Building and Construction Exhibition opens, National Exhibition Centre, Birmingham (until November 25).
- Dr. Rhodes Boyson, Conservative MP for Brent North, speaks on The Threat to our Democratic Institutions, St. Lawrence Jewry near Guildhall, E.C.2, 1.15 p.m.
- PARLIAMENTARY BUSINESS
- House of Commons: Timetable motions on Scotland Bill and Wales Bill.
- House of Lords: Debate on the Post Office.
- Select Committees: Expenditure (Environment) sub-committee. Subject: National Land Fund. Witnesses: Department of Environment and Department of Education and Science 1.45 p.m. Room 31 National Institute for Research in Education, Conservative Party, 11, St. Mary's Church, Strand, W.C.2. Subject: Regional Water Authorities.

Exploited men

From Mrs. S. Liddall.
 Sir—I pay the man who yields a paint brush in my house £2.50 per hour, plus the cost of the paint. He earns £100 per week and is not short of work. What right have we to expect our "free" and "paid" men to earn only 265 per week for a six-day week?

Doing a Laker

From Mr. E. Davey.
 Sir—I wonder how much longer it will be before we read that British Rail-London Transport and all other forms of transport announce that they too are "doing a Laker". Indeed, some manufacturers could possibly do likewise.

Business schools

From the Secretary, Scottish Business School.
 Sir—Mr. Fanning's "Business schools boom" (November 14) refers to the reluctance of industry and commerce in this country to recognise the value of a post-graduate degree or diploma in business administration/studies. One of the reasons for this is that while in America they have had business schools since 1871, we in this country have only had such institutions for a fraction of that time. It goes without saying, therefore, that a British MBA or equivalent is still a rare asset to which industry and commerce have not yet become wholly familiar.

The right to strike

From Mr. R. Hamilton.
 Sir—Mr. S. Green's letter on "Striking" (November 12), questions the right to strike on the grounds that it becomes the right to kill. Surely this is an exaggeration of the type often used by those of totalitarian leanings when attempting to remove unquestionable rights of individuals or groups of individuals. It is a man's right to withhold his labours in order to produce financial reward sufficient to keep his family in comfort. It is a man's right to ignore the consequences of his action on other people's families or on his country if that is his way. What the striker has no right to do is to ignore other men's families or his country while still expecting them to subsidise his family through National Assistance payments.

Panic response to Skytrain

From the Executive Director, Oceanair Travel.
 Sir—The six International Air Transport Association transatlantic carriers will be "forced" into the decision to introduce cheap standby fares (November 10)—they panicked into over-reaction to Laker's Skytrain.

Management salaries

From the Head of the School of Production Studies, Cranfield Institute of Technology.
 Sir—Those of us who are concerned with the problems of productive industry and who believe in the necessity of getting normal fares, and most holiday-makers will continue to travel on advance booking charters, whose

Instead of a strike

From Mr. R. Hamilton.
 Sir—The creation of a strike value league table, in which some nurses, firemen, car and so on, is created, workers ably wish to sometimes sit in the table, but obvious if they can't get between them other members conducted under the auspices of the TUC and CBI object of reaching agreement or at least a truce between all unions. It is obvious that this situation cannot exist

Panic response to Skytrain

From the Executive Director, Oceanair Travel.
 Sir—The six International Air Transport Association transatlantic carriers will be "forced" into the decision to introduce cheap standby fares (November 10)—they panicked into over-reaction to Laker's Skytrain.

Management salaries

From the Head of the School of Production Studies, Cranfield Institute of Technology.
 Sir—Those of us who are concerned with the problems of productive industry and who believe in the necessity of getting normal fares, and most holiday-makers will continue to travel on advance booking charters, whose

Employers

Tomorrow, you could be asked about the Job Release Scheme.

If you're an employer in an Assisted Area, then we'd like to remind you about the Job Release Scheme.

This Scheme offers men aged 64 and women aged 59 on or before 31 March 1978, the chance to stop work up to a year before reaching statutory pensionable age. They now get more money too—£26.50 a week tax-free.

The point is, they can't take advantage of the Scheme without your agreement. And if you do agree to allow them to participate, then you must recruit people from the unemployed register to replace them—though not necessarily for the same jobs.

As a result of this Scheme, your employees have the chance to stop work a year early, which may give you the chance to do a bit of promoting. Above all, you'll be able to take on new staff. Doing that means you're also giving a job to someone who wants to work. Employees who wish to take part in the Job Release Scheme must apply by 31 March 1978. There'll be advertising in the national press to tell them about it. Leaflets with full details of the Job Release Scheme are available from any Employment Office, Jobcentre or Unemployment Benefit Office. Just ask for copies of the Job Release Scheme Leaflet. Or ring 01-214 6403 or 01-214 6497 for information.

JOB RELEASE SCHEME

Department of Employment DE

COMPANY NEWS+COMMENT

Courtaulds forecasts full year shortfall

WEAKER conditions, particularly in export markets, have hit Courtaulds' results for the first half to September 30, 1977, and the company is warning that its already very narrow margins on many product lines will be affected further by their recent 3 per cent rise in the value of sterling.

Courtaulds has achieved its forecast for the half-way stage with a near 30 per cent gain in profits, but the company warns that difficult trading conditions and a squeeze on export margins will lead to lower profits for the year as a whole.

55m. should be possible at year-end. The pre-tax profits of 8.6 per cent has an edge over the engineering sector.

September 30, there was a deficit of 56m. The interim dividend is lifted from 2.15p to 2.60p net per 25p share and an additional 0.5p is being declared for 1976-77 following the reduction in ACT. Last year's final payment was 4.54p.

Expansion at Great Portland WITH GROSS rental income advanced from £3.57m. to £3.92m. for the half year to September 30, 1977, revenue of Great Portland Estates expanded from £1,454,000 to £1,960,000 before tax of £1,710,000 against £1,717,000.

ON TURNOVER up by 32 per cent. to £22.74m. engineers GEI International reports taxable profits for the six months to September 30, 1977, ahead by 38 per cent. from £1.5m. to £2.07m.

Advance by Stockholders' Trust In the year to October 31, 1977, Stockholders' Trust lifted total income from £1.84m. to £2.02m., and, after expenses and interest of £443,307 against £543,531, tax up from £481,113 to £572,363 and minority and subsidiary dividends of £11,000 compared with £93,357, the balance available to Ordinary holders advanced from £677,453 to £863,867.

NEB looks at Fairey Sir Charles Hardie, the Receiver of the Fairey aviation and engineering group, confirmed yesterday that the National Enterprise Board had expressed an interest in the group and had requested further information. However, he stressed that the NEB was in no different position from any of the other parties interested in acquiring all or part of the group.

LCP just ahead at midterm The trading performance of the manufacturing and merchanting divisions was impaired in the first half by industrial disputes, the directors report. In the trading estate and investment property programme, however, the market picture is more healthy.

GEI jumps 38% in first half The group's construction performance is being maintained, and demand for new buildings in the trading estate operations at Penryn, Stourbridge and Willenhall continues to increase.

Malton Inv. decides to liquidate The Board of Malton Investment Trust has decided to recommend to shareholders that the company be placed in members' voluntary liquidation. An extraordinary general meeting to deal with this proposal will be held on December 16.

Stoddard sees U.K. downturn Home demand shows signs of strengthening, Sir Robert Maclean, the chairman of Stoddard Holdings, said at the AGM. However, he told members that it does not reach last year's level, which must have a detrimental effect on home profitability.

J. N. Nichols expansion in first half Earnings of fruit compound, essence, squash and cordial makers J. N. Nichols (Wimbor) expanded from £357,816 to £517,747, against £131,800, in the half year to September 30, 1977. Sales were £9.83m. better at £2.26m.

Yearlings at 6 1/2% The coupon rate on this week's batch of Treasury bills has increased marginally to 6 1/2 per cent, after rising to 7 per cent last week. The bonds issued at 6 1/2 per cent are due on November 22, 1978.

SINGLO HLDGS. Single Holdings has decided that the interim dividend of 0.5p in respect of the year to March 31, 1978, which was to have been paid on January 16 should be paid before the end of 1977 and accordingly it will now be paid on December 30.

DIVIDENDS ANNOUNCED

Table with columns: Company Name, Current payment, Date of payment, Corresponding div., Total for year, Total last year. Includes Charter Const., Chloride Group, Courtaulds, etc.

Royal Insurance soars to £104m.

EXCESSIVE AN underwriting surplus of £17.5m. against a loss on the U.K. basis, declined 102.4 (705.6) with claims percentage of earned premium at 72.2 (77.8) and expenses at 29.2 (27.8).

BCA first quarter profit up

A GOOD start has been made by British Car Auctions in the three months of the current year with turnover and profits of the corresponding period year on year. David Wood, chairman, in his annual report, said that the company's tax profits for the year to 31.12.1977 were £1.1m. compared with £0.7m. in 1976.

Marginal rise at Acorn Secs.

TOTAL GROSS revenue of Acorn Securities Company rose £28,995 to £71,064 for the year to August 31, 1977. The revenue was made up of £152,995 compared with £148,000 in 1976. Earnings are shown at £7,38p per 50p share.

Stoddard sees U.K. downturn

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J. N. Nichols expansion in first half

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Saatchi restructuring

A court meeting and an EGM yesterday approved resolutions for a restructuring of Saatchi and Saatchi Company. The scheme of arrangement is now sanctioned by court and is expected to become effective by December 9.

Malton Inv. decides to liquidate

The Board of Malton Investment Trust has decided to recommend to shareholders that the company be placed in members' voluntary liquidation. An extraordinary general meeting to deal with this proposal will be held on December 16.

SMITHS INDUSTRIES 1977

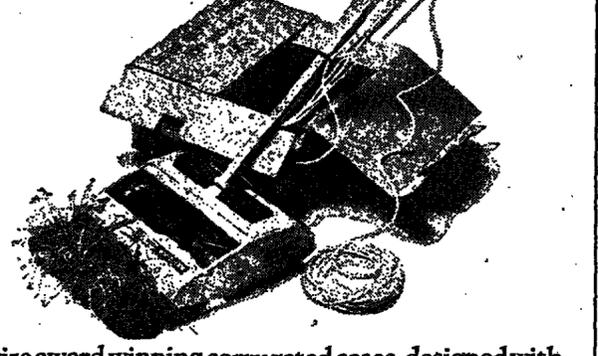
The very satisfactory results for 1976/77 demonstrate once more the value of our wide spread of businesses and of the acquisition and diversification policies of recent years.

- * Profit before tax was 27% higher and earnings per share also increased by 27%.
* Industrial relations during the year were generally good. It is hoped that our record of mutual understanding and tolerance will continue during this current period of the Income Policy so that all with an interest in the Company will continue to prosper.
* Direct exports increased by a third. Overseas turnover—which includes indirect exports and sales by overseas subsidiaries—increased to 55% of total turnover, excluding distribution activities.
* The Company remains strong in cash resources and well able to finance further expansion.

RESULTS FOR THE LAST FIVE YEARS. Table with columns: Year (1977, 1976, 1975, 1974, 1973) and rows: Turnover, Trading Profit, Profit before Tax, Overseas Turnover.

Copies of the Report and Accounts and of the Special Report 1977 can be obtained from the Secretary. SMITHS INDUSTRIES LIMITED CRICKLEWOOD LONDON NW2 6JN

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80 operating units employing 9,000 people.

مركز من الأعمال

K. strike cuts Chloride £3.6m. at halfway

Chloride's profit for the first half of 1977 was £13.4m, lower than the £17.7m of the first half of 1976. The profit was £3.6m lower than the £17.0m of the first half of 1977, but the decline was due to a strike at two U.K. plants which cut output by 20 per cent. The profit was £13.4m, lower than the £17.7m of the first half of 1976. The profit was £3.6m lower than the £17.0m of the first half of 1977, but the decline was due to a strike at two U.K. plants which cut output by 20 per cent.

Mr. Edwards, who leaves Chloride to-day to join Leyland, said Chloride's strategy for the current year was for consolidation, and this would continue as long as necessary, but suggested it would not be a long period of consolidation. In the current year capital spending will be around £23m, to £25m against £19.5m previously.

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Good prospects at Smiths Inds.

THE PROSPECTS of Smith Industries are encouraging with most areas of business well covered by export contracts. Mr. E. Roy Sisson, chairman, says in his annual statement.

But he believes the U.K. rate of inflation is too high and feels the main doubt for the current year is the degree of industrial disruption which may arise from the continued need to control inflation.

Smiths reported a record taxable profit of £20.51m. (£16.17m). Smiths includes a CCA result which shows the £20.5m, less an £8.5m cost of sales adjustment, and £2.6m in additional depreciation. Added to this is a £3.5m CCA gearing adjustment from the net gain on monetary items, leaving the CCA result at £12.7m. There is also £2.8m written back in respect of deferred tax.

Halftime loss by Farm Feed

TURNOVER FOR the half year to July 31, 1977, at Farm Feed Holdings, rose from £22.9m to £4.08m, but the group incurred a loss of £35,600 compared with pre-tax profits of £117,000 which included a profit of £9,000 from the sale of land.

Mr. Sisson points out that while the group still manufactures spark plugs its main business is the supply of technical know-how and plans to overseas customers. In the year a large contract to supply equipment to the USSR was completed several months ahead of schedule.

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هكذا من الرجل

Before you hear the fizz, Smurfit produce the packaging



Printed cartons, laminate unit packs and labels for Alka Seltzer. Just one of the many everyday products produced by the specialist companies within the Jefferson Smurfit print and packaging group.



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Wheatsheaf

INTERIM RESULTS 1977-78

the 28 weeks ended 10th September 1977

	1977	1976
	£000	£000
Turnover	216,342	170,151
Group Profit before Tax	1,532	2,400
Dividend per Share	3.5p	2.5p
Earnings per Share	4.7p	7.7p

Profits are recovering in the second half and should be similar to those of the same period last year, after adjusting for profits from property disposals realised last year.

The fifth Carrefour will be opened next year at Patchway near Bristol.



ONEY MARKET

ry large assistance

England Minimum Rate 5 per cent. October 14, 1977.

Overdone, but this may have been result of the cautious view taken by the clearing banks, ahead of the mid-month make-up to-day.

Discount houses paid 4-4 1/2 per cent. for secured call loans at the start, and closing balances were taken at around 3 per cent.

Sugar is adding even more to Capper-Neill's international weight.

Quite a lot, in fact.

Earlier this year we won a 24-year contract worth £25 millions for on-site process plant construction at Kenana, in the Sudan, for what will be the world's biggest sugar refinery.

On the other side of Africa, our Canadian associate won a similar contract in the Ivory Coast.

In addition to a £4m contract for insulated LPG storage tanks in the oil industry, recent successes have included contracts in the food, brewery and irrigation industries.

This growing involvement in the construction of complete process plants, including all the mechanical and electrical equipment for an ever widening range of industries, emphasises the broadening of our range of capabilities in worldwide markets.

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Capper-Neill
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COMPANIES AND DEALS

Mr. Jessel 'reluctantly' accepts James offer

MR JESSEL has withdrawn his opposition to the bid by James Industries for Doiland... Speaking at a shareholders' meeting...

Coral pays £1m for betting chain

Coral Leisure, the gambling and catering group, is buying a chain of 53 betting shops in South Wales for £1m...

BIT/NCBPF Formal documents with the 170m offer for the ordinary shares of British Investment Trust...

Bishopsgate sells Berkeley Hambro stake

Bishopsgate Property and General Investments has sold its last remaining quoted investment - a 5.2 per cent stake in Berkeley Hambro Property...

IMI EXPANDS IN FRANCE

Imperial Metal Industries has acquired for an undisclosed sum a controlling interest in Toleris de Grenoble of France...

SPENCER CLARK METAL FORECAST In a circular giving further details of the acquisition from Danford and Elliott...

Midway slip by Young Brewery

DESPITE AN increase in turnover from £7.23m to £8.75m, pre-tax profits of Young and Co's Brewery slipped from £56,368 to £247,845 for the half year to September 30, 1977...

New insurance broking group formed

A new group of companies has been formed in Coventry under the name of West Midlands Securities and Investments, formerly Lightning Finance Company...

Electra Investment Trust Limited

Interim Report (unaudited) for the six months ended 30th September, 1977. Earnings Six months ended 30th September 1977 1976...

Ferguson Industrial

Mr. Denis Vernon, chairman of Ferguson Industrial Holdings, has sold 25,000 ordinary shares in FIH. This sale has been made five days after the announcement of FIH interim results...

Francis Selling LTD Lift

Francis Industries has entered into an agreement to sell United Lifts to O and K Orenstein and Koppel A. G. of Dortmund...

Allied Plant

Shareholders of Allied Plant the building services group are promised a 50 per cent rise in the dividend to 1.175p net...

BEC/SRE

National and Commercial Development Capital announces, on behalf of British Electronic Controls that the Scheme for the acquisition of BEC by SRE Electronics was approved...

GENEVA

Full Service is our Business • Legal and Taxation • Mailbox, telephone and telex services • Translations and secretarial services...

COURTAULDS

Interim Profit and Dividend

The Board has declared an interim dividend in respect of the 1977/78 year amounting to 2.478p per 25p Ordinary Share of which 0.070p per Share is in respect of profits earned in the year to March 1977...

Table with 2 columns: 1st Half 1976/77 and 1st Half 1977/78. Rows include Total Sales to External Customers, Sales to U.K. Customers, Exports from United Kingdom, Trading Surplus, Depreciation, Profit before Taxation, Less: Taxation, U.K. (Including A.C.T.), and Overseas.

Changes in the sterling value of overseas net assets will be dealt with in the year end accounts. At the exchange rates applicable on 30th September, 1977 there was a deficit of £6m.

U.K. sales volume increased marginally, but the volume of sales overseas, including exports, was lower than that in the first six months of last year.

£27m was spent on new fixed assets and £35m on increased working capital. Cash resources were reduced by £17m compared with £85m during the same period last year.

Trading conditions remain difficult both at home and overseas, and export results continue to be affected adversely by the increased external value of sterling.

For these reasons, although trading results for the second half could show some improvement over those of the first six months, the results for the full year are expected to fall short of 1976/77.

Courtaulds, Limited 18 Hanover Square London W1A 2BB. C. J. Cornwall Secretary 15th November 1977

25 per cent, to the Bank of England at the spot rate. At the year-end the investment currency premium had fallen to 27 1/2 per cent, from 45 1/2 per cent at September 30, 1976...

Electra Investment Trust Limited advertisement with financial data and company information.

AZCON Corporation advertisement for consolidated gold fields limited, including financial details and contact information for Schrodgers.

Asset Valuation advertisement for Fuller, Horsey, Sons & Cassell, featuring a cartoon illustration of a man and a woman.

Printed and packaged by Smurfit advertisement featuring an illustration of a factory and a person operating machinery.

Wankie Colliery Company Limited

(Incorporated in Rhodesia)

REVIEW BY THE CHAIRMAN, SIR KEITH ACUTT, K.B.E.

The Wankie Colliery Company was not alone in experiencing great difficulties during the year and, in common with other companies, it was particularly vulnerable to changes in industrial activity in the country.

The demands for coal and coke have been very variable and some heavy industries have been de-stocking to an imprudent level meaning that the particular material they need may not be on hand nor readily transportable when required. The availability of electric power from hydro sources has also reduced the call for thermal generation. As a result the production pattern at the mine has been disrupted throughout the year.

A decision to close No. 4 Underground Colliery was taken at the year end, the immediately foreseeable demand for coal does not warrant keeping it in production. It will, of course, be kept on a care and maintenance basis but nevertheless, as it is a heavily mechanised Colliery, it will take time and money to bring it back into operation. In the meantime the demands can best be met from the opencast pits and from No. 3 Colliery where production has been increased. We are well able to supply the indicated requirements of our Rhodesian customers but should there be an increased demand from other customers, the current pattern of production so recently established may have to be changed again to suit the circumstances.

Our Technical Advisers, the General Manager and his staff indeed all our employees—have had the unenviable task of adjusting their production effort to a continually changing pattern of demand. They have had to do so in the situation brought about by the security restrictions necessary in an isolated area and all have shared in the disruption caused by the call up of employees for military duties. They deserve our thanks.

The urgent need to train many of our African employees so that they can be utilized in their full capacity has been fully recognised and progress in this direction is pleasing and is gaining momentum.

Sales of coal at 2,197,000 tonnes were 12% down on last year and, while coke sales at 194,000 tonnes were only marginally less than the previous year, the reduction in demand for both commodities occurred mainly in the latter half of the year.

So far as coke is concerned the No. 2 Ovens, which are the only ones in operation now as we closed the Battery at No. 1 in June, are producing at the minimum rate. This on current sales is about 2,500 tonnes a month more than we are selling and we are at present adding to the stockpile at an uneconomic rate.

In all the circumstances the trading results for the year are satisfactory but they are far below the expectation of the Company in terms of the Agreement recently concluded with the Government to which I will refer later.

The net profit from trading was \$5,191,000 compared with \$3,353,000 the previous year and, after adding the reduced income from interest and dividends of \$2,710,000, the profit before taxation was \$3,481,000.

Our revenue from investments was reduced as we had less money "earning interest" and on some occasions, when our customers were tardy in payment, we had to resort to discounting.

The profit after provision for taxation was \$2,645,000 and after adding \$793,000 brought forward, a total of \$3,438,000 was available for appropriation.

Total dividends declared for the year equal to 74 cents a share absorbed \$1,900,000 and \$800,000 was transferred to Capital Reserve which now stands at \$2,314,000.

We have continued the practice of providing for future taxation but the deferred taxation account as you will see is in effect a capital account and practically the whole amount standing to its credit has been employed in existing capital assets. The provision of funds for future capital requirements, in particular for any expansion should this be necessary either for increased industrial purposes or for thermal generation of electricity, is a matter of concern but it is certainly not one which we can either gauge or plan at this time. We have, however, managed to retain sufficient funds for our immediate needs.

It is largely the greater reduction in sales than we estimated that has caused the deficit in the profit on local sales compared with the estimates agreed with Government for the year which has just ended. This deficit of profits amounts to \$2,130,000 and is, in terms of the agreement, recoverable this year.

The estimates of costs and sales for the year 1977/78 were passed to Government soon after the August year end. It was clear then that, in present conditions of world trade as they affect Rhodesia, an increase in the price of our products which would comply with the provisions of the Agreement for the recoupment of any deficiency from the previous year and at the same time allow the Company a profit in the New Year of 1978, on the capital employed, could not be implemented. To achieve this at the anticipated volume of sales increased prices of over 20% across the board would have been called for.

It is regrettable that the Agreement provides for an annual review after the end of the financial year as in practice the new price agreed is only applicable for some ten months of each financial year. The Government, however, has now agreed that, in suspending the agreement, a review of the situation will be undertaken before the Company's year end.

The long history of the Coal Price Agreement has never been satisfactory so far as the Company is concerned and the recoupment of the deficiency has repeatedly been delayed and often finally abandoned. Now, however, in agreeing to accept a 10% increase in the price of its products and the temporary suspension of the Agreement, we are hopeful that when demand improves its terms will be fully implemented. This is important not only to maintain a reasonable return to shareholders but because, as I have repeatedly stressed, the ability of the Company to maintain production levels, let alone to expand when necessary, depends on the retention of sufficient funds.

While at present we are able to finance our immediate needs it must be clearly understood that, should the scale of operations require major changes, the provision of the necessary capital will be a problem.

In the present year we believe that, unless there is a major setback, the profit earned should be somewhere in the region of last year's figure. As a result of the reorganisation of the sources of production and because of the temporary closure of No. 4 Underground Colliery, it is hoped that the costs of production will be contained at an acceptable level and that industry in this country will continue to enjoy a level of prices for coal and coke which compare very favourably with prices elsewhere in the world.

Notice is hereby given that the 54th Annual General Meeting of Members of Wankie Colliery Company Limited will be held at the registered office, 79 Jameson Avenue Central, Salisbury on Monday, 12th December 1977, at 10.00 a.m.

Copies of the annual report and accounts are obtainable from the London office of the Company, 40 Holborn Viaduct, EC1P 1AJ, and from the office of the U.K. Transfer Secretaries, Charter Consolidated Limited, P.O. Box 102, Charter House, Park Street, Ashford, Kent TN24 5EQ.

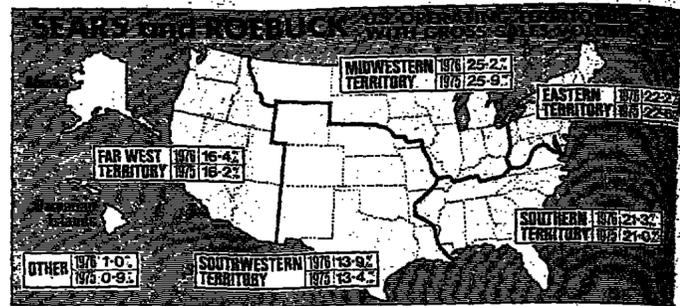


How America's biggest retailer is fighting to stay on top

BY GORDON WEIL

JUST A few years ago, it looked as though Sears, Roebuck and Company, the largest retailer in the United States, was in trouble. Chicago headquarters had little control over the highly decentralised organisation and the competition had begun to catch up. Sears, which had long prided itself on anti-cyclical trends, was the picture of corporate bewilderment.

The biggest challenger, then as now, was K mart, a chain of discount stores which had stepped in to corner a large part of the working-class market that had been the foundation of Sears' growth. With Sears faltering and K mart booming, the stage was set for a battle of the giant retailers.



Sears Roebuck started out in the mail order business in Illinois in 1888 and it wasn't long before the company grew to the extent that some said "you could find a Sears Roebuck catalogue in every prairie in the mid-west". The mail-order business proved so successful that the company became incorporated in New York in 1906, and went on to open its first retail stores in 1925.

Today Sears is the world's largest retailer of general merchandise, employing about 417,000 people and distributing through some 3,500 outlets in the U.S., Puerto Rico, and Central America. The mail-order side, while no longer the main profit taking sector of the business, still plays an important part.

To a great extent, Sears' recent problems were of its own making. General Robert Wood, who had dominated the company for three decades until the late 1950s, had decreed that the company should be as decentralised as possible so that it could adjust to local competitive conditions. At the same time, he had wisely pushed it into an aggressive programme of retail expansion. After the Second World War, when competitors like Montgomery Ward had held on to their capital in the belief that a depression was inevitable, Sears had poured hundreds of millions of dollars into new retail stores.

Once you dominate the retail market as Sears did, it is difficult to come up with a new stimulus to growth. After some groping Sears initiated in the early 1970s a policy of "trade up". It reasoned that its

customers were returning more affluent and that as a result it ought to be offering them higher-priced and higher-quality goods.

In the process of "trading up" Sears gradually began to abandon the working-class, blue-collar people who had been its prime customers. K mart, a part of the Kresge Company, moved in to fill the gap.

K mart was able to undersell Sears for a number of reasons. It gave its local store managers discretion in stocking goods and pricing them. It made purchases from suppliers for the full national market. In addition, its stores had fewer frills than Sears' and it spent less on building good community relations and on testing its goods. With inflation continuing to mount, K mart stores became increasingly attractive to people who had to watch their family budgets.

Although it still had a sizeable lead over K mart and other retailers, Sears worried about an earnings graph that was disappointing in comparison with some of the others. In late 1974, *Forbes* magazine wrote: "After decades of dominance, Sears, Roebuck and Co. is now just one of the boys." It questioned where Sears could find its next "growth kicker".

The answer, to paraphrase a popular American comic character, was: "We have seen the future and it is us." In short, Sears had to try to regain its dominance among working-class customers.

Budget departments were opened in the big city retail stores, and beginning in 1972 the new, smaller out-rates operations were tried. They used check-out counters, like K mart's, and

saved on personnel costs. They stocked lower price items, but at the same time, the notion of trading up to a broader range of family incomes.

While the idea seemed sound, the results did not show up in the monthly profit-and-loss statements as quickly as the Sears executives wanted. Obviously, the decisions made there were not reaching into the field.

Mr. Arthur Wood, then chairman of Sears (no relation to the General), discovered that decentralisation was the culprit. Store managers could reject goods purchased nationally and could pursue their own pricing policies, making it impossible to advertise prices on national television. In addition, the company's system tended to encourage managers to overstock on sale items to the detriment of basic goods.

In January 1976, Wood took the first step in the first-Sears reorganisation in over 50 years. An office of the chairman, grouping the company's top four executives, was created giving top management more direct operational control over the field. Later, store managers were stripped of much of their autonomy. They were told to think more about total sales than simply about their own profit picture. By selling a higher volume of lower priced goods, their profits would hold up.

The new formula worked. Last July, Sears showed the biggest single monthly increase in sales in 20 years. The picture in succeeding months has remained equally positive.

Profit growth has returned to a state of health that has not been seen since the mid-1960s. K mart has not done as well. Its sales only about half those of Sears last year. Sears' grossed \$1.1 billion last year, while K mart's was \$500 million. Its officials admit its own profit margins have been growing so that it may be cut prices in hopes of regaining volume.

Perhaps most significant, Sears is opening stores at a furious rate. With 1976 plans to have opened 100 by the end of the year, its officials expect increased sales from its new stores to be more than 90 years. Sears is cautious about its own expansion. A large share of the 30 new stores it opens each year replaces older ones. There is any area where the room for more outlets is still experimenting with smaller stores in modest shopping centres.

Old-fashioned competition seems to be the order of the day in the retail trades. Sears has just selected a new man, Mr. Edward Telling, says he is committed to retail expansion and continuation of the Wood ref K mart, which has passed such major firm Montgomery Ward and Penney, still has its eye on Sears. Meanwhile, whose sales represent more than 1 per cent of the GNP, seems to have the zest for trying to regain the king of the castle.

A FINANCIAL TIMES SURVEY



To be published on January 23 1978

The Financial Times is preparing to publish a Survey on India. It will be kept and used as reference material by Government departments, industrialists and businessmen around the world.

The main headings of the proposed editorial synopsis are set out below. INTRODUCTION The restoration of democracy after 19 months of emergency rule: problems and priorities facing the Janata Government: the changing Indian scene.

- POLITICS ■ THE ECONOMY ■ FOREIGN POLICY ■ TRADE ■ FOREIGN INVESTMENT ■ BANKING ■ LABOUR ■ PLANNING
- INDUSTRIALISATION ■ AGRICULTURE ■ POWER and IRRIGATION
- OIL ■ STEEL ■ PETROCHEMICALS ■ FERTILISERS ■ TEXTILES ■ JUTE
- TEA ■ TOURISM ■ AVIATION ■ TRANSPORT ■ MARINE PRODUCTS

The proposed publication date is January 23. Copy date is December 12. For details of editorial synopsis and advertising rates please contact:

SIMON THIMMIS
Overseas Advertisement Manager
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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

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Discover the subtle yet distinctive taste of Glenfiddich Pure Malt.

Glenfiddich is pure, unblended malt whisky.

Distilled in the ancient way—in hand-beaten copper pot stills—it has a smooth, mellow, yet subtly distinctive taste.

Enjoyed straight or with a little water, Glenfiddich is perhaps the greatest single malt of the Highlands.

Glenfiddich is the name of the "Water of the Deer".



HOME NEWS

ENNIS BY JOHN BARRETT

Two seeds fall in Benson's opening round

1980 Benson and Hedges set 6-2, Mottram was always struggling to hold his serve in the second set, and finally surrendered it to allow Stewart to win the opening round of the match 6-4.

Little American double will be particularly upset if he is in seventh in the Colgate Grand Prix and is therefore in the eight places in the tournament in New York.

Plenty for winner

It is a measure of the ebullience of this most important event in Britain outside Wimbledon that the winner of the prize will receive three times as much as the runner-up.



One of two 11,000-ton steel flotation tanks originally used to float oil rigs from construction yards in Scotland to a North Sea oil field being towed to Dalmore Pier, Alesund, in Highland, for dismantling.

Dunlop to promote safety tyre

DUNLOP IS to spend £250,000 between now and the end of the year on a relaunch of its Denovo run-flat safety tyre.

City Investing reports on third quarter 1977 results

City Investing Company's third quarter 1977 results reflected continued progress by all principal operations: manufacturing, international, housing, and insurance.

- Highlights
• City Investing's total revenues rose 25% to \$814.3 million.
• Net income increased 52% to \$23.0 million.
• City completed a \$100 million long-term financing.

- Manufacturing, International and Housing
• Earnings of City Investing's Rheem water heater and container operations improved substantially.
• City's Arma Plastics subsidiary acquired the Plastics Division of NL Industries.
• International profits increased substantially, led by City's operations in Brazil.
• City's housing operations, especially mobile homes and single-family home building, continued their vigorous recovery.

- Insurance and Financial
• City's Home Insurance Company reported an underwriting profit during the quarter and forecasts a profit for the full year.

Basic Business Needs Filling Basic Needs
City Investing is the world's largest manufacturer of water heaters and steel shipping containers. And a leading U.S. manufacturer of heating and air-conditioning equipment for residential and commercial use.

SUMMARY RESULTS
Table with columns for Third Quarter Ended Sept. 30, 1977, 1976, and Increase. Rows include Revenues, Net Income, Per Share, Primary, and Per Share, Diluted.

Average primary shares were 22,125,000; 20,831,000; 21,925,000; and 20,643,000 for the quarter and nine months ended September 30, 1977 and 1976, respectively.

City Investing Company
Manufacturing | Housing | Insurance
767 Fifth Avenue, New York, New York 10022

BOND DRAWINGS

I.U. OVERSEAS FINANCE N.V. 9% Guaranteed Bonds due 1983

S. G. WARBURG & CO. LTD. announce that Bonds for the nominal amount of U.S. \$2,000,000 have been drawn in the presence of a Notary Public, for the redemption instalment due 15th December, 1977.

Table of bond drawings with columns for bond numbers and corresponding values. Includes a note at the bottom: 'On 15th December, 1977 there will become due and payable upon each Bond drawn for redemption, the principal amount thereof, together with accrued interest to said date at the office of...'

Public Notices
LOCAL AUTHORITY BILLS
GLoucester County Council
Reading Borough Council
Company Notice
AOKAM TIN BERHAD

INTERNATIONAL FINANCIAL AND COMPANY NEWS

EUROPEAN MOTOR INDUSTRY

Ambitious spending plans

BY TERRY DOUSWORTH, MOTOR INDUSTRY CORRESPONDENT

EUROPEAN motor industry... ambitious spending plans... beyond the historic rate of inflation...

- The expenditure plans so far announced for the next few years include the following: 1. Opel, the General Motors subsidiary in Germany...

the new investment is likely to go into totally new capacity... towards frequent model changes...

Nedbank reports liquidity build-up

By Richard Rolfe

JOHANNESBURG, Nov. 15. NEDBANK GROUP, the fourth largest South African bank...

AUSTRALIAN NEWS

Takeover picture still very confused

BY JAMES FORTH

COMPLAINTS THAT minority shareholders were being disadvantaged failed to halt takeover activity today on the Australian share market...

SYDNEY, Nov. 15. Wehl bought another 201,000 shares today, taking its holding from 11.87 per cent of the capital to 14.47 per cent...

NAE pays \$559m. for Connaught Hotel

SINGAPORE, Nov. 15. NAE, a subsidiary of Peoples Realty, has purchased the Connaught Hotel in Singapore for \$559 million...

Elder Smith hopeful

By James Forth

ELDER SMITH, Goldsbrough Mort, the major pastoral group, is optimistic about the wool market...

Elder Smith hopeful

positive, but not necessarily a satisfactory income while even if prices were doubled, there would still be 8,000 unable to show a profit...

The Tokai Bank Ltd. Negotiable Floating Rate U.S. Dollar Certificates of Deposit... Maturity date 17 November 1980.

Nippon Kokan doubts TOKYO, Nov. 15. NIPPON KOKAN KAISHA said it predicts virtually unchanged sales of about ¥600bn. in the second half year ending next March 31.

Bank of Tokyo (Curaçao) Holding N.V. U.S. \$60,000,000 Guaranteed Floating Rate Notes Due 1984. The Bank of Tokyo, Ltd. (Kabushiki Kaisha Tokyo Ginko)

DANSK EKSPORTFINANSIERINGSFOND (Danish Export Finance Corporation) DM 75,000,000 6% Bonds due 1982 - Private Placement - WESTDEUTSCHE LANDESBANK GIROZENTRALE

List of international banks including: Algemeene Bank Nederland N.V., Arab Investment Co. S.A.A., Banca Commerciale Italiana, Bank Julius Baer International, etc.

ARMING AND RAW MATERIALS

Kin plea Ireland fish unity

COMMUNITIES Staff. IN SILKIN, the Agricultural Minister, has issued what is a plea for co-operation between Britain and Ireland on EEC fisheries...

First signs of extra Soviet grain buying

BY OUR COMMODITIES STAFF. FIRST SIGNS of increased Soviet purchases of grain this year have started to show in the figures released by the U.S. Department of Agriculture...

Calazans admits coffee sales

By Richard Mooney. DR. CAMILLO Calazans, president of the Brazilian Coffee Institute, said yesterday that Brazil had sold a fair amount of coffee since the beginning of October...

TIMBER MARKET Softwood prospect marginally better

BY A CORRESPONDENT. THE U.K. SOFTWOOD trade is forecasting slightly better conditions for next year but an improvement is expected to be concentrated in the second half...

ops may sick the

SYDNEY, Nov. 15. STRALIAN Government troops by helicopter to cattle affected by a disease...

NZ shippers want lamb price rise

BY CHRISTOPHER PARKES. NEW ZEALAND will ship at least 200,000 tonnes of lamb to Britain in the New Year—the same as this year...

Gold fall hits metals

BY OUR COMMODITIES STAFF. SILVER VALUES were marked down on the London market yesterday following the sharp fall in gold price...

World cotton crop will be 64.8m. bales

WASHINGTON, Nov. 15. WORLD COTTON production for 1977-78 is estimated at a record 64.8 million bales...

Hong Kong sugar 'encouraging start'

BY OUR COMMODITIES EDITOR. THE HONG KONG raw sugar futures market got off to what was described as a "very encouraging start" yesterday...

COMMODITY MARKET REPORTS AND PRICES

Table with columns for METALS, SOYABEAN MEAL, COFFEE, RUBBER, GRAINS, WOOL FUTURES, MEAT/VEGETABLES. Includes prices for various commodities like copper, zinc, wheat, and soybeans.

PRICE CHANGES

Table showing price changes for various commodities. Columns include item name, price per tonne, and change from previous period.

Would you like his to be our memorial? Most of us reasonably want to leave no tangible evidence of our life's achievements and concern for others...

Table with columns for METALS, SOYABEAN MEAL, COFFEE, RUBBER, GRAINS, WOOL FUTURES, MEAT/VEGETABLES. Includes prices for various commodities like copper, zinc, wheat, and soybeans.

Table with columns for U.S. Markets, SOYABEANS sugar and cocoa rally, FINANCIAL TIMES, REUTER'S, DOW JONES, MOODY'S, COTTON, GRIMSBY FISH, DUTCH COCOA GRINDINGS FALL. Includes market news and prices for various commodities.

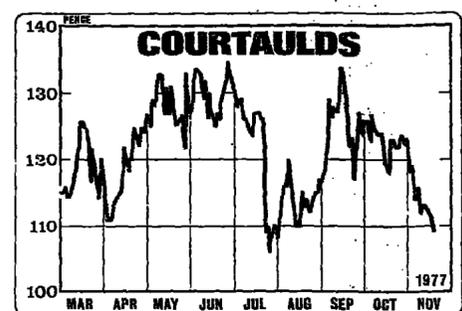
STOCK EXCHANGE REPORT

All-round falls on small selling and lack of support Index down 8.8 at 487.9—Foods weak—Golds down again

Account Dealing Dates... First Declara- Last Account Dealings... Nov. 14 Nov. 21 Nov. 28 Dec. 5 Dec. 12 Dec. 19 Dec. 26

been down to 30. The early maturities, however, made a mixed showing. Low coupon stocks moved ahead on reinvestment of cash following the redemption of 3 per cent Treasury 1977...

disappointment that the recent small American acquisition failed to herald an increase in the dividend. Unless Royal is to succeed in front of today's third-quarter statement, while similar losses were recorded in Metal Box, 208p...



with the third-quarter figures and rise 23 to 845p. Elsewhere in Electricals, GEC were weak initially at 248p but rallied to 254p for a net fall of 4, while BSI to 40p and 205p after 202p...

depressed Golds... The weakness of South African Gold prices and the Gold Mines Index declined 5.2 to 135.0. The index has fallen 12.3 in two days.

Siebens (U.K.) feature... Apart from Siebens (U.K.), which jumped ahead 30 to 229p on rumours of an imminent statement, Oils generally drifted lower on small selling but closed above the day's lowest...

FINANCIAL TIMES STOCK INDICES table with columns for various indices like Government Sec., Fixed Interest, Industrial Ordinary, Gold Mines, etc., and their values for different dates.

HIGHS AND LOWS table showing price ranges for various stocks like U.K. Gov. Sec., Fixed Int., Ind. Ord., and Gold Mines.

NEW HIGHS AND LOWS FOR 1977 table listing new high and low prices for various stocks throughout the year.

OPTIONS TRADED table with columns for DEALING DATES, Last Deal, and Settlement, listing various options and their prices.

Royals dip and rally... Commercial Insurances remained depressed by Monday's 17.5p fund-raising call from Commercial Union and continued to lose ground. However, prices picked up late on the better-than-expected third-quarter profits from Royals and closing levels were well above the day's lowest...

Official marketings amounted to 3,222 compared with 3,243's 5,431 and the week-ago 3,323.

ICL lower... ICL, a dull market of late on the resignation of the managing director, were depressed further at 204p, down 6, on news of the loss of the Tesco contract to BSI.

FT—ACTUARIES SHARE INDICES... These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries.

FINANCIAL EXPERTS REASSESS COMMODITIES—HAVE YOU? Free reprint of an article comparing results of investments in commodities with alternatives will be sent to you if you complete and return this coupon.

RECENT ISSUES table with columns for EQUITIES and FIXED INTEREST STOCKS, listing various stocks and their prices.

FT—ACTUARIES SHARE INDICES table showing various equity groups and sub-sections with their respective indices and values.

BANKING AND SOURCES OF FINANCE IN THE FAR EAST. Published by the Banker Research Unit and now available, this new volume describes banking systems and credit sources in ten countries of the Far East. These are: AUSTRALIA, NEW ZEALAND, INDONESIA, THE PHILIPPINES, THAILAND, MALAYSIA, SINGAPORE, HONG KONG, JAPAN and SOUTH KOREA.

ACTIVE STOCKS table listing various active stocks with their denominations, closing prices, and changes.

FIXED INTEREST PRICE INDICES table showing various fixed interest price indices and their values.

APOLLO THE WORLD'S LEADING MAGAZINE OF ARTS AND ANTIQUES. Published Monthly price £1.50. Annual Subscription £21.00 (Inland). Overseas subscribers £24.00. Apollo Magazine, Bracken House, 10, Cannon Street, London EC4P 4BY.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Table of authorised unit trusts including categories like British Life Office L.A.P., British Overseas, and various international funds.

Table of offshore and overseas funds including categories like Fidelity, Kemptec, and various international investment funds.

Table of base lending rates for various banks and financial institutions.

INSURANCE, PROPERTY, BONDS

Table of insurance, property, and bond offerings from various providers.

Advertisement for Building Society Rates, including contact information and details about the rates.

NOTES

Notes section containing additional information and disclaimers.

INDUSTRIALS—Continued

Table of industrial stocks including companies like ICI, BP, and various engineering firms with columns for stock price, dividends, and other financial metrics.

INSURANCE—Continued

Table of insurance companies such as Axa, Royal Indemnity, and others, listing their stock prices and financial data.

PROPERTY—Continued

Table of property-related stocks and companies, including various real estate and construction firms.

INT. TRUSTS—Continued

Table of international trusts and investment funds, detailing their performance and stock prices.

FINANCE, LAND—Continued

Table of finance and land-related stocks, including banks, insurance, and real estate companies.

DAIWA SECURITIES logo and header for the International Financier section.

MINES—Continued

Table of mining stocks including Anglo-American, De Beers, and other major mining companies.

AUSTRALIAN

Table of Australian stocks, listing various local companies and their market data.

TINS

Table of tin-related stocks and companies.

MISCELLANEOUS

Table of miscellaneous stocks and companies.

NOTES

Textual notes and commentary regarding the stock market, including price movements and analyst observations.

REGIONAL MARKETS

Table of regional market data, including stock prices and indices from various international markets.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade companies, including manufacturers and distributors.

Components

Table of components for motors and aircraft, listing various parts and suppliers.

Garages and Distributors

Table of garage and distributor companies, detailing their services and locations.

PAPER, PRINTING ADVERTISING

Table of paper, printing, and advertising companies, including publishers and media firms.

PROPERTY

Table of property-related companies and real estate firms.

SHIPBUILDERS, REPAIRERS

Table of shipbuilding and repair companies, including major shipyards.

SHIPPING

Table of shipping companies and maritime services.

SHOES AND LEATHER

Table of shoe and leather goods companies.

SOUTH AFRICANS

Table of South African stocks and companies.

TEXTILES

Table of textile companies and manufacturing firms.

SHIPBUILDERS, REPAIRERS

Table of shipbuilding and repair companies.

SHIPPING

Table of shipping companies.

SOUTH AFRICANS

Table of South African stocks.

TEXTILES

Table of textile companies.

OILS

Table of oil and energy stocks.

OVERSEAS TRADERS

Table of overseas trading companies.

RUBBERS AND SISALS

Table of rubber and sisal companies.

TEAS

Table of tea companies.

India and Bangladesh

Table of stocks from India and Bangladesh.

Sri Lanka

Table of Sri Lankan stocks.

Africa

Table of African stocks.

MINES

Table of mining stocks.

CENTRAL RAND

Table of Central Rand stocks.

EASTERN RAND

Table of Eastern Rand stocks.

FAR WEST RAND

Table of Far West Rand stocks.

O.F.S.

Table of O.F.S. stocks.

FINANCE

Table of finance stocks.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks.

OPTIONS

Table of options contracts.

3-month Call Rates

Table of 3-month call rates.

INSURANCE

Table of insurance companies.

